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MONTANA LEGISLATIVE HISTORY

Chapter 541 19 95

Bill H _____ S 357 Original bill & history X C

H. Committee on STATE ADMINISTRATION			S. Committee on STATE ADMINISTRATION		
Hearing Date(s)	3/3	X C	Hearing Date(s)	2/16	X C
EXEC. ACTION	3/9	X C	EXEC. ACTION	2/18	X C
		C			C
		C			C
Date Out		C			

Did this bill originate in an interim committee? ____Yes ____No

Committee _____ Report _____

HOUSE APPROPRIATIONS

HEARING & EXEC. ACTION 3/30 X

3/27 TRANSMITTED TO GOVERNOR
3/29 SIGNED BY GOVERNOR
CHAPTER NUMBER 283
EFFECTIVE DATE: 03/29/95

SB 356 INTRODUCED BY WILSON, ET AL.

REGULATE PERSONAL SOLICITATION SALES BY TELEPHONE AND FACSIMILE TRANSMISSION

2/10 INTRODUCED
2/10 FIRST READING
2/10 REFERRED TO BUSINESS & INDUSTRY
2/11 FISCAL NOTE REQUESTED
2/17 FISCAL NOTE RECEIVED
2/18 FISCAL NOTE PRINTED
3/17 HEARING
3/17 TABLED IN COMMITTEE
3/29 MISSED TRANSMITTAL DEADLINE FOR 71ST DAY
DIED IN COMMITTEE

SB 357 INTRODUCED BY VAN VALKENBURG, ET AL.

ALLOW ALL MEMBERS OF THE FIREFIGHTERS' UNIFIED RETIREMENT SYSTEM TO RECEIVE A REGULAR SERVICE RETIREMENT BENEFIT AFTER 20 YEARS OF SERVICE REGARDLESS OF AGE

2/10 INTRODUCED
2/10 FIRST READING
2/10 REFERRED TO STATE ADMINISTRATION
2/11 FISCAL NOTE REQUESTED
2/16 HEARING
2/16 FISCAL NOTE RECEIVED
2/18 FISCAL NOTE PRINTED
2/20 COMMITTEE REPORT—BILL PASSED
2/21 2ND READING PASSED 34 15
2/22 3RD READING PASSED 34 16

TRANSMITTED TO HOUSE
2/27 FIRST READING
2/27 REFERRED TO STATE ADMINISTRATION
3/03 HEARING
3/09 COMMITTEE REPORT—BILL CONCURRED AS AMENDED
3/09 REREFERRED TO APPROPRIATIONS
3/30 HEARING
4/04 COMMITTEE REPORT—BILL CONCURRED
4/05 2ND READING CONCURRED AS AMENDED 68 31
4/07 3RD READING CONCURRED 67 28

RETURNED TO SENATE WITH AMENDMENTS
NOTE: THE NET EFFECT OF THE HOUSE AMENDMENTS RESTORED THE BILL TO THE VERSION TRANSMITTED BY THE SENATE TO THE HOUSE. SINCE THIS VERSION OF THE BILL WAS APPROVED BY BOTH HOUSES ON 3RD READING, NO FURTHER ACTION WAS REQUIRED BY THE SENATE.
4/10 SIGNED BY PRESIDENT
4/10 SIGNED BY SPEAKER
4/10 TRANSMITTED TO GOVERNOR

RETURNED TO SENATE WITH GOVERNOR'S PROPOSED AMENDMENTS
4/11 2ND READING GOVERNOR'S AMENDMENTS CONCURRED 50 0
4/12 3RD READING GOVERNOR'S AMENDMENTS CONCURRED 47 2

HOUSE
4/12 2ND READING GOVERNOR'S AMENDMENTS CONCURRED 85 12
4/13 3RD READING GOVERNOR'S AMENDMENTS CONCURRED 74 24
4/18 SIGNED BY PRESIDENT
4/18 SIGNED BY SPEAKER
4/18 TRANSMITTED TO GOVERNOR
4/27 SIGNED BY GOVERNOR
CHAPTER NUMBER 541
EFFECTIVE DATE: 07/01/95

SB 358 INTRODUCED BY HALLIGAN, ET AL.

DEFINE POLICIES RELATING TO THE INCOME AND CORPORATE TAX CREDIT FOR RECYCLING OF MATERIAL

2/10 INTRODUCED
2/10 FIRST READING
2/10 REFERRED TO TAXATION
2/11 FISCAL NOTE REQUESTED
2/15 FISCAL NOTE RECEIVED
2/15 FISCAL NOTE PRINTED
3/01 HEARING
3/15 COMMITTEE REPORT—BILL PASSED AS AMENDED
3/18 2ND READING PASSED AS AMENDED 46 0
3/20 3RD READING PASSED 50 0

TRANSMITTED TO HOUSE
3/21 FIRST READING
3/21 REFERRED TO TAXATION
3/30 HEARING
4/05 REVISED FISCAL NOTE PRINTED
4/06 COMMITTEE REPORT—BILL CONCURRED AS AMENDED
4/07 2ND READING CONCURRED 93 7
4/08 3RD READING CONCURRED 92 7

RETURNED TO SENATE WITH AMENDMENTS
4/10 2ND READING AMENDMENTS CONCURRED 49 0
4/11 3RD READING AMENDMENTS CONCURRED 46 1
4/12 SIGNED BY PRESIDENT
4/13 SIGNED BY SPEAKER
4/17 TRANSMITTED TO GOVERNOR
4/27 SIGNED BY GOVERNOR
CHAPTER NUMBER 542
EFFECTIVE DATE: 10/01/95

SB 359 INTRODUCED BY ECK

ALLOW A CITY OR TOWN TO IMPOSE A LOCAL OPTION MOTOR FUEL EXCISE TAX IF APPROVED BY THE ELECTORATE

2/10 INTRODUCED
2/10 FIRST READING
2/10 REFERRED TO TAXATION
2/11 FISCAL NOTE REQUESTED
2/16 FISCAL NOTE RECEIVED
2/17 FISCAL NOTE PRINTED
3/03 HEARING
3/29 MISSED TRANSMITTAL DEADLINE FOR 71ST DAY
DIED IN COMMITTEE

SENATE BILL NO. 357

INTRODUCED BY Van Valkenburg Lynch Burk Hansen Hertel

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING ALL MEMBERS OF THE FIREFIGHTERS' UNIFIED RETIREMENT SYSTEM TO RECEIVE A REGULAR SERVICE RETIREMENT BENEFIT AFTER 20 YEARS OF SERVICE REGARDLESS OF AGE; INCREASING THE BENEFIT FOR EACH YEAR OF SERVICE AFTER 20 YEARS FOR MEMBERS HIRED BEFORE JULY 1, 1981; ELIMINATING THE MAXIMUM BENEFIT LIMITATION; RAISING CONTRIBUTIONS TO FUND THE BENEFITS; AMENDING SECTIONS 19-13-601, 19-13-604, 19-13-605, 19-13-701, 19-13-704, 19-13-803, 19-13-902, 19-13-1007, AND 19-13-1009, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 19-13-601, MCA, is amended to read:

"19-13-601. Deduction remitted to firemen's association -- member's contribution. (1) Each employer shall retain from the compensation of each active member a sum equal to 1% of the member's compensation for services as a firefighter and shall remit this amount on a monthly basis to the Montana state firemen's association for the payment of premiums on a group life and accidental death and dismemberment insurance policy for members and to defray expenses incurred by the association when representing members of the retirement system.

(2) The member's contribution to the retirement system is ~~6%~~ 7.8% of the member's compensation.

(3) If a member receives compensation under the provisions of the Workers' Compensation Act, Title 39, chapter 71, the amount received must be included as part of the member's compensation for purposes of determining contributions and service credits under the retirement system. Contributions made under 19-13-604, 19-13-605, and this section must be based on the total compensation received by the member from the employer and from workers' compensation during the period of disability.

(4) Each employer, pursuant to section 414(h)(2) of the federal Internal Revenue Code, as amended and applicable on July 1, 1987, shall pick up and pay the contributions that would be payable by the member under subsection (2) for service rendered after June 30, 1987.

(5) The member's contributions picked up by the employer must be designated for all purposes of the retirement system as the member's contributions, except for the determination of a tax upon a distribution from the retirement system. These contributions must become part of the member's accumulated contributions but must be accounted for separately from those previously accumulated.

(6) The member's contributions picked up by the employer must be payable from the same source as is used to pay compensation to the member and must be included in the member's compensation as defined in 19-13-104. The employer shall deduct from the member's compensation an amount equal to the amount of the member's contributions picked up by the employer and remit the total of the contributions to the board."

Section 2. Section 19-13-604, MCA, is amended to read:

"**19-13-604. State contribution.** The state shall make its contributions through the state auditor from the premium taxes on the insurance risks enumerated in 19-18-512. These payments must be made annually to the pension trust fund after the end of each fiscal year but no later than November 1 from the gross premium taxes after deduction for cancellations and returned premiums. The division shall notify the auditor of the annual compensation, excluding overtime, holiday payments, shift differential payments, compensatory time payments, and payments in lieu of sick leave, paid to all active members during the preceding year. The state's contribution is ~~23.27%~~ 24.21% of this total compensation ~~effective July 1, 1991~~. As soon as practicable after receipt of the state contribution, the division shall deposit it in the pension trust fund."

Section 3. Section 19-13-605, MCA, is amended to read:

"**19-13-605. Employer contribution.** Each employer shall make its contribution on behalf of members through the city treasurer or other appropriate official from money available to the city for this purpose. The employer's contribution is ~~13.02%~~ 14.36% of the total compensation paid to members. All contributions are payable monthly to the division, which shall, as soon as practicable after their receipt, deposit them in the pension trust fund."

Section 4. Section 19-13-701, MCA, is amended to read:

"**19-13-701. Eligibility for service retirement -- commencement of benefit.** (1) A member who has

~~reached age 50 and has~~ completed 10 years or more of membership service is eligible for service retirement commencing on the first day of the month following the member's last day of service.

(2) A vested member who terminates service before the minimum retirement date and keeps the member's accumulated contributions on deposit is eligible for service retirement commencing on the member's minimum retirement date.

(3) A vested inactive member may file a written application with the board requesting that the member's retirement benefit commence on the first day of the month following receipt of the application. However, the retirement benefit for an inactive vested member must commence no later than the first day of the month following the member's 55th birthday."

Section 5. Section 19-13-704, MCA, is amended to read:

"**19-13-704. Amount of service retirement benefit.** (1) (a) A member hired before July 1, 1981, who elects to retire after having reached ~~both~~ 20 years of membership service ~~and age 50~~ must receive a service retirement benefit equal to the sum of:

(i) 50% of the member's last monthly compensation for years of service credit up to and including 20 years; and

(ii) ~~1%~~ 2% of the member's last monthly compensation for each year of service credit after 20 years.

(b) A member hired before July 1, 1981, who elects to retire after having reached at least 10 years of membership service ~~but prior to reaching age 50~~ as an active member must receive a service retirement benefit equal to 2% of the member's last monthly compensation for each year of service credit. Upon the retired member's death, the benefit must be made to the surviving spouse. If there is no surviving spouse or if the surviving spouse dies and if the member leaves one or more dependent children, the children are entitled to receive the allowance as long as they remain dependent children as defined in 19-13-104.

(2) A member hired on or after July 1, 1981, who retires with at least 10 years of membership service must receive a service retirement benefit equal to 2% of the member's final average compensation for each year of service credit.

~~(3) The maximum monthly benefit payable to any retiree under subsection (1) may not exceed 60% of the member's last monthly compensation. The maximum monthly benefit payable to any retiree under subsection (2) may not exceed 60% of the member's final average compensation.~~"

Section 6. Section 19-13-803, MCA, is amended to read:

"**19-13-803. Amount of disability retirement benefit.** (1) A member hired before July 1, 1981, who becomes disabled:

(a) before completing 20 years of membership service must receive a disability retirement benefit equal to one-half the member's last monthly compensation;

(b) after completing 20 years or more of membership service must receive the disability retirement benefit provided in subsection (1)(a) increased at a rate of ~~1%~~ 2% of the member's last monthly compensation for each year of service credit in excess of 20~~, up to a maximum benefit equal to 60% of the member's last monthly compensation~~.

(2) A member hired on or after July 1, 1981, who becomes disabled:

(a) before completing 25 years of membership service must receive a disability retirement benefit equal to one-half the member's last monthly compensation;

(b) after completing 25 years or more of membership service must receive the disability retirement benefit provided in subsection (2)(a) increased at a rate of 2% of the member's last monthly compensation for each year of service credit in excess of 25~~, up to a maximum benefit equal to 60% of the member's last monthly compensation~~.

(3) A member's disability retirement benefit must be paid first to the member during the member's lifetime and, upon the member's death, to the member's surviving spouse. If upon a member's death the member leaves no surviving spouse or upon the death of the surviving spouse, the member's benefit must be paid to the member's dependent children as long as they remain dependent children as defined in 19-13-104."

Section 7. Section 19-13-902, MCA, is amended to read:

"**19-13-902. Survivorship benefit.** (1) (a) Upon the death before retirement of an active member hired before July 1, 1981, the member's surviving spouse, if there is one, must receive a survivorship benefit equal to one-half the last monthly compensation received by the member. If the member leaves one or more dependent children, then, upon the member's death if the member leaves no surviving spouse or upon the death of the surviving spouse, the member's dependent children must collectively receive the same benefit that a surviving spouse would have received, as long as the children remain dependent children as defined in 19-13-104.

(b) If the deceased member completed over 20 years of membership service, the survivorship benefit provided in subsection (1)(a) must be increased at a rate of ~~1%~~ 2% of the last monthly compensation for each year in excess of 20~~, up to a maximum of 60% of the last monthly compensation received by the member~~.

(2) Upon the death before retirement of a member hired on or after July 1, 1981, the member's surviving spouse, if there is one, must receive a survivorship benefit equal to one-half of the member's final average compensation. If the member leaves one or more dependent children, then, upon the member's death if the member leaves no surviving spouse or upon the death of the surviving spouse, the member's dependent children must collectively receive the same benefit that a surviving spouse would have received, as long as the children remain dependent children as defined in 19-13-104."

Section 8. Section 19-13-1007, MCA, is amended to read:

"**19-13-1007. Benefit adjustment.** (1) For a member retiring on or after July 1, 1973, who was hired before July 1, 1981, or the member's surviving spouse or dependent children, the service retirement benefit provided in 19-13-704(1)(a), the disability retirement benefit provided in 19-13-803(1), and the survivorship benefit provided in 19-13-902(1) may not be less than one-half the monthly compensation paid to a newly confirmed, active firefighter of a city that last employed the member as a firefighter, as provided each year in the budget of that city.

(2) For a member hired on or after July 1, 1981, or the member's surviving spouse or dependent children, the disability retirement benefit provided in 19-13-803(2) and the survivorship benefit provided in 19-13-902(2) may not be less than one-half the monthly compensation paid to a newly confirmed, active firefighter of a city that last employed the member as a firefighter, as provided each year in the budget of that city.

(3) If after a member retires, the city that last employed the member no longer employs a full-paid firefighter, the member's or survivor's benefit under subsections (1) and (2) must be adjusted on the basis of the average monthly compensation paid to all newly confirmed full-paid firefighters, as provided each year in the budgets of those cities that participate in the retirement system and employ a full-paid firefighter.

(4) If the employment of a vested member hired before July 1, 1981, is involuntarily discontinued ~~before the member reaches age 50~~ because of the termination of employment of all full-paid firefighters in

the city that employed the member, the member's service retirement benefit provided in 19-13-704(1)(b) and the member's spouse's or dependent child's survivorship benefit provided in 19-13-902(1) may not be less than:

(a) if the member has earned 20 years or more of membership service, one-half the average monthly compensation paid to all newly confirmed, full-paid firefighters, as provided each year in the budgets of those cities that participate in the retirement system and employ a full-paid firefighter; or

(b) if the member has earned more than 10 but less than 20 years of membership service, 2% of the average monthly compensation paid to all newly confirmed, full-paid firefighters, as provided each year in the budgets of those cities that participate in the retirement system and employ a full-paid firefighter, for each year of the member's service."

Section 9. Section 19-13-1009, MCA, is amended to read:

"**19-13-1009. Supplement to retirement benefits for persons hired on or after July 1, 1981.** (1) The division shall pay a supplemental benefit from the account provided for in 19-13-615 to each member hired on or after July 1, 1981, who has ~~both~~ earned 25 years of membership service ~~and reached age 50~~ as an active firefighter or to the member's surviving spouse or dependent children. Except as provided in subsection (2), the supplemental benefit, when added to the service retirement benefit, must equal one-half the regular monthly compensation paid to a newly confirmed full-paid active firefighter of the city that last employed the member as a firefighter as provided each year in the budget of that city. If after a member retires, the city that last employed the member no longer employs a full-paid firefighter, the member's supplemental benefit must be calculated on the basis of the average monthly compensation paid to all newly confirmed full-paid firefighters, as provided each year in the budgets of those cities that participate in the retirement system and employ a full-paid firefighter.

(2) If the amount available to the account is insufficient to fully fund the supplemental benefit provided for in subsection (1), the supplemental benefit for each eligible member or survivor must be reduced by an equal percentage so that the amount contained in the account is not exceeded."

NEW SECTION. **Section 10. Coordination instruction.** If House Bill No. 268 is passed and approved and if it provides for a 2% guaranteed annual benefit adjustment and total postretirement benefit adjustment cap equal to the total annual percentage change in the consumer price index, then:

(1) the member's contribution in [section 1 of this act], amending 19-13-601, must be 7.88%;

(2) the state's contribution in [section 2 of this act], amending 19-13-604, must be 24.45%; and

(3) the employer's contribution in [section 3 of this act], amending 19-13-605, must be 14.44%.

NEW SECTION. **Section 11. Effective date.** [This act] is effective July 1, 1995.

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for SB0357, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:
An act allowing all members of the firefighters' unified retirement system to receive a regular service retirement benefit after 20 years of service regardless of age; increasing the benefit for each year of service after 20 years for members hired before July 1, 1981; eliminating the maximum benefit limitation; raising contributions to fund the benefits.

ASSUMPTIONS:
1. The actuarial cost of funding future benefits and amortizing new unfunded liabilities over 30 years is 4.08% of total compensation of active FURS members. This funding is provided by increasing contribution rates for members by 1.8%; employers by 1.34%; and from the state by an additional .94% of compensation.
2. Increased dedication of revenues from the insurance premium tax reduces revenues to the state general fund and STIP earnings.
3. Benefit increases will occur for those persons retiring on or after July 1, 1995. There are currently 120 members who could retire earlier or with increased benefits under this proposal. Assume 40 retirements each year of the next biennium with an average retirement date of January 1; average service of 24.5 years, and an average salary of $34,588/year in FY96 and $35,453 in FY97. The average retiree will receive an annual increase of $1,675 in FY96 and $1,717 in FY97.
4. On June 30, 1994, there were 412 active members of the FURS, with a total annual payroll of $12,232,143. The average salary of FURS members was $29,690. Over the past 5 years, the average FURS member's salary has increased by an average annual rate of 4.9%; assume average salaries will increase by 2.5% each year in the future. FURS Payroll: $12,851,395 in FY96 and $13,172,680 in FY97.

FISCAL IMPACT:

Expenditures:	FY 1996	FY 1997
FURS Benefit Payments	$33,500	$101,340
Revenues:		
Firefighters' Unified Pension Fund Contributions:		
State Contributions	$120,803	$123,823
Employer Contributions	172,209	176,514
Employee Contributions	231,325	237,108
Investment Income	19,633	60,962
TOTAL FURS Revenues	$543,970	$598,407
Net Impact on General Fund Balance:		
General Fund (cost) (01)	($124,427)	($127,538)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:
14 cities participating in FURS will pay increased contributions of $172,209 in FY96 and $176,514 in FY97.

(continued)

Dave Lewis 2-16-95
DAVE LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

Fred Van Valkenburg 2-18-95
FRED VAN VALKENBURG, PRIMARY SPONSOR DATE

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:
State, employer, and employee contribution increases contained in SB357 are projected to be actuarially sufficient to fund increased benefits over a 30 year period.

TECHNICAL NOTES:
SB357 must be coordinated with other legislation regarding FURS (HB268 and SB363). The combined impact of two or more of these three bills would be significantly different than the individual impacts added together.

MINUTES

MONTANA SENATE
54th LEGISLATURE - REGULAR SESSION

COMMITTEE ON STATE ADMINISTRATION

Call to Order: By **CHAIRMAN ETHEL HARDING**, on February 16, 1995, at 10:00 AM

ROLL CALL

Members Present:
Sen. Ethel M. Harding, Chairman (R)
Sen. Kenneth "Ken" Mesaros, Vice Chairman (R)
Sen. Mack Cole (R)
Sen. Mike Foster (R)
Sen. Don Hargrove (R)
Sen. Vivian M. Brooke (D)
Sen. Bob Pipinich (D)
Sen. Jeff Weldon (D)

Members Excused: N/A

Members Absent: N/A

Staff Present: David Niss, Legislative Council
Gail Moser, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:
Hearing: SB 357, SB 363, HJR 15
Executive Action: HJR 15, SB 337

{Tape: 1; Side: A; Approx. Counter: 54.4}

HEARING ON SB 357

Opening Statement by Sponsor:

SENATOR FRED VAN VALKENBURG, Senate District 32, Missoula, opened the hearing on SB 357, which would allow all members of the Firefighters Unified Retirement System to receive a regular service retirement benefit after 20 years of service, regardless of age, and modify benefit requirements. He stated SB 357 would establish equity between the Firefighters Unified Retirement System and other hazardous duty retirement systems.

Proponents' Testimony:

Captain Dean Riggin, Montana State Fireman's Association, distributed an injury survey **(EXHIBIT 1)** which delineated the number of job related lost work hours due to injuries/illnesses per 100 workers by occupation. He discussed the increased demands, training, and expectations placed on firefighters and added firefighting has become more difficult and dangerous. **Mr. Riggin** said firefighters are also providing a high level of emergency medical services to their communities with 80% of firefighter responses related to medical emergencies. He noted municipalities are requiring a higher level of mental and physical qualifications to meet the demands of firefighting responsibilities, often requiring lifestyle changes for individuals. **Mr. Riggin** said the demands of the job are more suited to younger individuals, and modifications in the retirement systems would encourage retirement of older individuals while making way for younger firefighters **(EXHIBIT 2)**.

Pat Clinch, Montana State Council of Professional Firefighters, noted the 60% benefit cap would be removed and allow 2% per year for each additional year of service above 20 years. He further reiterated the modifications in section 5 dealing with service retirement benefits. **Mr. Clinch** noted the employee cost would increase by 1.8% to 7.8%, with the employer contribution increasing by 1.34% to 14.36% of salary. The increase to cities, using 1994 actuarial evaluations, is $166,485. The state contribution increase is .94%, bringing it to 24.21% of salary, or $115,545. Pension contributions are increased by 4.8% overall.

Kim Flatow, testifying for Linda King, Public Employees Retirement Division, read prepared testimony in support of SB 357 **(EXHIBIT 3)**. The testimony covered retirement eligibility, elimination of the 60% maximum benefit limitation, and increasing benefit accrual rates after 20 years of service.

Jerry Williams, Montana Police Protective Association, stood in support of SB 357 on the issue of equity in retirement with other hazardous duty retirement systems.

Opponents' Testimony:

Jim Kembel, City of Billings, expressed opposition and concern with the legislation based on current tax problems and what he feels is a benefit to one group of employees. This, he stated, will cause problems among various local government employee groups. **Mr. Kembel** added that the cost to the city of Billings would be $45,000.

Questions From Committee Members and Responses:

SENATOR MIKE FOSTER questioned Senator Van Valkenburg on the coordinating section, new section 10. **SENATOR VAN VALKENBURG** deferred the question to **Dean Riggin**, who replied that there had been coordination provisions with HB 268 built into SB 357 if HB 268 is passed.

SENATOR DON HARGROVE asked Dean Riggin if a firefighter could retire after 10 years of service. **Mr. Riggin** stated he did not have specific figures for early retirement, but he could provide that information for the Committee.

SENATOR HARGROVE said it appeared as though the overall amount of retirement benefits received would be about equal by either retiring after 10 years of service with a reduced benefit for a longer period of time or after 20 years with a greater benefit for a shorter period of time. **Mr. Riggin** said he believed the benefit amount would be quite a bit less. He said Linda King had told him it is simpler for the retirement system and is less costly to actuarially reduce the benefit.

SENATOR HARGROVE questioned Jim Kembel about his position on the issue of retirement equalization. **Mr. Kembel** stated he did support retirement equalization.

SENATOR KEN MESAROS asked Pat Clinch to clarify the state contribution of $115,000 in the fiscal note. **Mr. Clinch** replied the figure was based on 1994 actuarial figures of firefighters' salaries.

SENATOR VIVIAN BROOKE asked Pat Clinch if he had reviewed the coordinating instructions in section 10 when the calculations were made. **Mr. Clinch** replied he had developed costs based on 1994 salary levels in the actuarial figures.

SENATOR BROOKE commented that she understands that if HB 268 passes, the percentage in section 2 will be changed from 24.21% to 24.45%.

SENATOR JEFF WELDON asked Pat Clinch if he had calculated the figure for the expense to local governments based on 14.44%. **Mr. Clinch** stated he did not.

Closing by Sponsor:

SENATOR VAN VALKENBURG closed the hearing on SB 357, noting how this Committee wanted to be fully informed on the financial consequences of legislation passed out of Committee. He stressed the equity issue and the need to recruit younger people into firefighting positions.

MONTANA SENATE
1995 LEGISLATURE
STATE ADMINISTRATION COMMITTEE

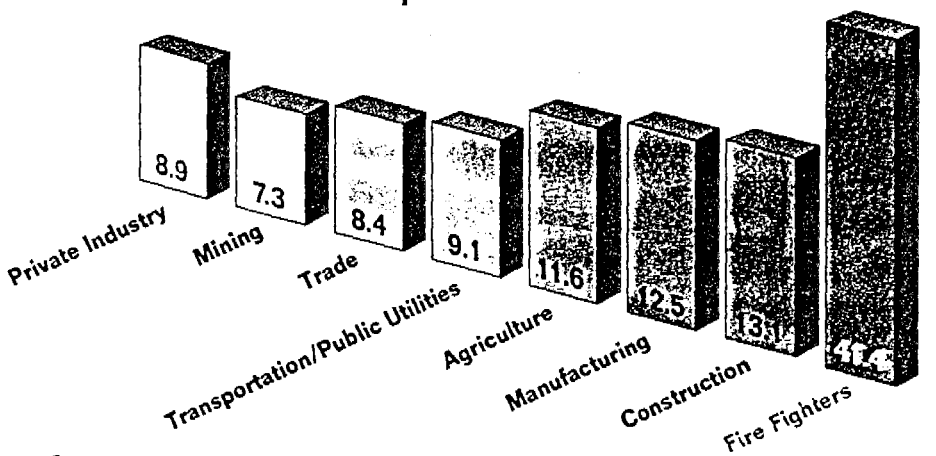
ROLL CALL DATE Thurs 02-16-95

NAME	PRESENT	ABSENT	EXCUSED
VIVIAN BROOKE	✓		
MACK COLE	✓		
MIKE FOSTER	✓		
DON HARGROVE	✓		
BOB PIPINICH	✓		
JEFF WELDON	✓		
KEN MESAROS, VICE CHAIRMAN	✓		
ETHEL HARDING, CHAIRMAN	✓		

SEN:1995
wp.rollcall.man
CS-09

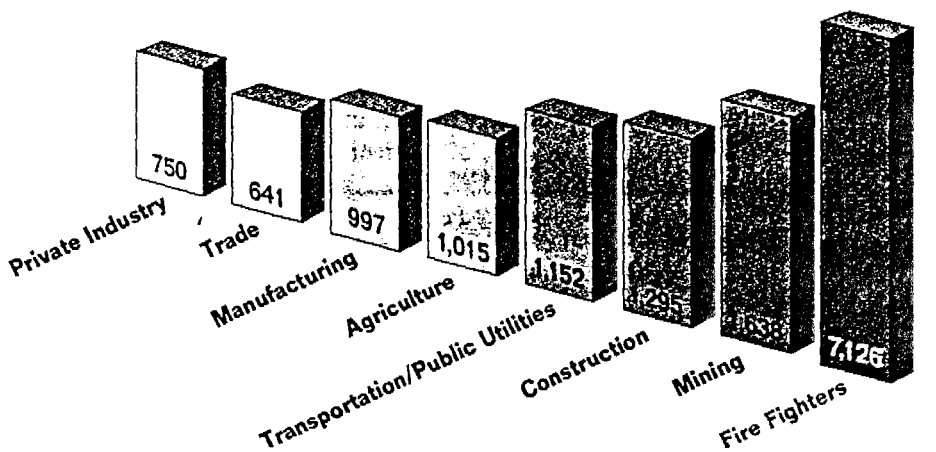
SENATE STATE ADMIN.
EXHIBIT NO. 1
DATE 02-16-95
BILL NO. SB357

Number of Job Related Injuries/ Illnesses per 100 Workers



Source: Occupational Injuries and Illnesses in the United States by Industry, 1992, Summary 94-3, U.S. Bureau of Labor Statistics; and IAFF 1993 Death and Injury Survey.

Lost Work Hours* from Job Related Injuries/Illnesses per 100 Workers



Source: Unpublished data, U.S. Bureau of Labor Statistics; and IAFF 1993 Death and Injury Survey.

*For fire fighters, data is based on number of work shifts lost multiplied by the length of shift worked by each responding department. For all other industries, lost work hours are derived by multiplying the number of lost workdays reported by BLS by 8 hours.

DEAN RIGGIN, MSFA

16 FEB 1995

SENATE STATE ADMIN.
EXHIBIT NO. 2
DATE 02-16-95
BILL NO. SB357

S.B. 357

FURS Pension Benefit Revision

The role of the modern professional firefighter is a unique and challenging one, requiring far greater knowledge, training and commitment than needed in the past. This in turn asks much more of the men and women who perform this job, both in terms of the physical demands and the emotional stresses placed upon them over their careers in the performance of their duties. The reasons for this are many, but four prominently stand out.

First, firefighting itself has become more difficult. An especially significant and growing danger is the widespread use of synthetic materials in newer building construction, which creates fire environments far more hazardous than those known in the past. In addition, despite constant urban growth, local government cutbacks have led to reduced fire department manning levels, leaving fewer personnel to protect many more buildings and people. This in turn greatly increases the risk of personal injury to firefighters.

Second, fire departments must deal with an ever-growing number of hazardous substances which move through our cities and towns every day, or lie in storage throughout the state. Thousands of such substances already exist, and the number of new ones has increased almost geometrically in recent years. Since hazardous material incidents involving these substances will certainly occur, firefighters must learn, through constant training, the correct incident response for each of them.

Third, and most significant, the role of fire departments in providing emergency medical services to their communities has

grown enormously in the past decade. Nearly 80% of fire department responses in Montana cities are now emergency medical in nature, numbering over twelve thousand responses each year, and as a result three out of four Montana professional firefighters have also become emergency medical technicians. If you ask any firefighter with twenty years or more of service what the greatest difference is between their job today and the job when they were hired, they will tell you, "All the medical calls we go on now." And if you ask any firefighter what part of their job is the most demanding and stressful, their reply will be the same: "All the medical calls we go on now."

Fourth, recognizing these increased demands being placed upon individual firefighters and wishing to minimize time lost to sickness and injury, municipalities are justifiably requiring ever higher physical and mental standards of personnel within fire departments. This, of course, places a premium on fitness and youth, and often means changes in lifestyle for firefighters to meet the goals.

As all these reasons indicate, changes in the firefighting profession over recent decades have served to heighten rather than lessen the physical and mental stresses facing firefighters and they also emphasize the need for younger members within fire departments. This is clearly not a job to be done by aging men. It is equally clear that it would be beneficial to have a retirement structure in place which would encourage retirement at an earlier age and thereby reap the benefit of bringing in more youthful employees. The other public safety organizations within

EXHIBIT 2
DATE 2-16-95
SB 357

the state, police, highway patrol, and sheriffs, have recognized this fact and have gotten or are acquiring provisions within their retirement systems to allow retirement after 20 years of service. Every argument advanced by these organizations to support the need foe allowing earlier retirement applies equally, if not more so, to the profession of firefighting.

In addition, one more point must be made. Montana's firefighters, police officers, and highway patrol officers are not covered by the Social Security Act, and therefore whose members upon retirement do not receive social security benefits. In the police and highway patrol retirement systems, it has been realized that to compensate for the lack of the social security benefits and still allow for the possibility of retirement at a reasonably youthful age, there should be an increase in the benefit allowance per year of service past 20 years, and both systems have been changed to allow this increase. The firefighters' system does not at present enjoy this benefit, yet comparison with these other two similar systems will show that it is certainly justified.

Therefore, there are two major provisions to the bill we are proposing today. First, the bill will allow retirement for firefighters after 20 years of service. Second, it will provide an increased benefit per year of service, to 2% per year of service after 20 years, for those members who now accrue only 1% of salary for each year of service after 20 years, and remove the 60% accrual limit for all members. It is our firm belief that both provisions will encourage retirement and promote the hiring of younger firefighters, and with the proposed distribution of costs will

neither compromise the solvency of the firefighters' retirement system nor prove unreasonably costly to the taxpayers. The proposal is as follows.

SENATE STATE ADMIN.
EXHIBIT NO. 3
DATE 02-06-95
BILL NO. SB357

TESTIMONY IN SUPPORT OF
SB 357
on behalf of the
PUBLIC EMPLOYEES' RETIREMENT BOARD

Presented by
Linda King, Administrator
Public Employees' Retirement Division

On behalf of the Public Employees' Retirement Board which administers the Firefighters' Unified Retirement System, I am here to support SB 357. The bill, as drafted, addresses significant equity issues between the FURS and the other hazardous duty retirement systems in this state. . Those equity issues are:

-- Retirement eligibility at 20 years of service, regardless of age

-- Elimination of the 60% maximum benefit limitation

-- Increasing the benefit accrual rate for pre-1981 members after 20 years of service (from 1%/year to 2%/year).

Retirement Eligibility. In 1991 the Legislature removed the age 50 requirement for normal service retirement in the Municipal Police Officers' Retirement System. That requirement had been imposed back in 1977 when the statewide system was formed. The reason for imposing the age 50 eligibility requirement was simply to reduce the cost of retirement benefits in that system. Similarly, when the Highway Patrol Officers', Sheriffs', and Firefighters' systems were formed, similar age constraints were enacted. In 1993, the Legislature removed the age 50 eligibility requirement in the Highway Patrol System.

Two bills have been introduced in the current session to equalize the retirement eligibility criteria in the remaining two hazardous duty retirement systems -- the Sheriffs' bill (HB 306 which has already passed the House and will be heard by this committee in the near future) and the Firefighters' bill which you are considering at present.

Elimination of 60% maximum benefit limitation. This limitation was also removed by previous legislatures from the Police and Highway Patrol Systems. In the interest of equity, the limitation should also be removed from the remaining hazardous duty retirement systems.

Increasing benefit accrual rates after 20 years of service. Currently, FURS members hired prior to 7/1/81 (when this unified system was enacted) receive 2.5% of final compensation for each year of service up to 20 years. After 20 years, their benefit accrual rate currently drops to 1% of final salary per year of service. (Post 7/1/81 hires receive 2% per year for all years of service.) In 1991 and 1993, the Legislature removed benefit accrual reductions from the Police and Highway Patrol Systems. In the interest of equity, this session should also favorably consider this proposal which would increase the benefit accrual after 20 years -- not to the full 2.5%, but to a more modest 2% per year of service.

When previous Legislatures removed these restrictions from first the Police and then the Highway Patrol systems, it was explained that these equity issues would be created and that the full impact of those decisions would not be felt until all hazardous duty systems were equalized. This session, those equalization bills have arrived.

The Public Employees' Retirement Board requests your favorable consideration of this bill. It is actuarially funded and it will address important equity issues between the retirement systems.

DATE Thurs 02-16-95

SENATE COMMITTEE ON STATE ADMINISTRATION

BILLS BEING HEARD TODAY: SB357 / SB363 / HJR15

EXECUTION: SB337 / SB370 / SB398

< ■ > PLEASE PRINT < ■ >

Name	Representing	Bill No.	Check One: Support	Check One: Oppose
Tim Bergstrom	Billings Fire Dept	SB357	X	
Steve Gonsen	Great Falls Fire Dep	SB357	X	
Kim Flatow for Linda King	Public Emp. Ret. Div	SB357	X	
Pat Clinch	Mt. State Council Professional Firefighters	SB357	X	
FRANK POTTER.	GREAT FALL FIRE DEPT	SB357	X	
Richard Seddon	Kalispell Fire Dept	357	X	
W. James Kembel	City of Billings	357		X
John P. Paull	Butte Fire Dept	357	X	
Tim McCarthy	Butte Fire Dept	357	X	
Ulf Kirkason	MT State Firemans Assoc	357	X	
Don Myers	GREAT FALLS FIRE	357	X	
Jerry Williams	Mont. Police Protective Assn.	357	X	
Jim Jacobsen	MT VFW ADJ DIV	HJR15	X	
DEAN RIGGIN	MONT. ST. FIREMAN'S ASS'N	357	X	

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

MINUTES

MONTANA SENATE
54th LEGISLATURE - REGULAR SESSION

COMMITTEE ON STATE ADMINISTRATION

Call to Order: By **CHAIRMAN ETHEL HARDING**, on February 18, 1995, at 12:55 PM

ROLL CALL

Members Present:
Sen. Ethel M. Harding, Chairman (R)
Sen. Kenneth "Ken" Mesaros, Vice Chairman (R)
Sen. Mack Cole (R)
Sen. Mike Foster (R)
Sen. Don Hargrove (R)
Sen. Vivian M. Brooke (D)
Sen. Bob Pipinich (D)
Sen. Jeff Weldon (D)

Members Excused: N/A

Members Absent: N/A

Staff Present: David Niss, Legislative Council
Gail Moser, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing:	N/A	
Executive Action:	SB 98	DO PASS AS AMENDED
	SB 30	TABLED
	SB 372	DO PASS AS AMENDED
	SB 345	DO PASS
	SB 363	TABLED
	SB 357	DO PASS
	SB 300	TABLED
	SB 343	TABLED
	SB 379	TABLED

{Tape: 1; Side: A; Approx. Counter: 52.5}

EXECUTIVE ACTION ON SB 98

Motion/Vote: **SEN. MIKE FOSTER** moved that **SB 98 DO PASS AS AMENDED**. The **MOTION CARRIED 5-3** on roll call vote.

greater than 2%, money would not be received from GABA at all for that one year. **Ms. King** said that is true.

SEN. WELDON concluded that, based on all the factors, if this is an actuarially sound program, it would not create difficulties for anyone and, in fact, create a good deal of benefit to those receiving the retirement benefit.

Motion/Vote: **SEN. WELDON** moved **TO ACCEPT THE AMENDMENT TO SB 363.** The **MOTION CARRIED UNANIMOUSLY** on oral vote.

Motion/Vote: **SEN. WELDON** moved that **SB 363 DO PASS AS AMENDED.** The **MOTION FAILED 4-4** on roll call vote.

Motion: **SEN. HARGROVE** moved that **SB 363 BE TABLED.**
The **MOTION CARRIED 5-3** on roll call vote.
(**Senator Mesaros** was not present during this roll call vote, but on 02/18/95 at 3:20 PM, he notified the secretary that his vote should be counted "YES").

EXECUTIVE ACTION ON SB 357

Motion: **SEN. BROOKE** moved **TO AMEND SB 357 by changing all references of *"fireman"* to *"firefighter"*.**

Discussion: **Linda King** responded to the amendment proposal by stating that in 19-13-601 the reference is to "Fireman's Association" and that is the name of an *association*, and the legislature cannot change the name of an association.

SEN. BROOKE asked Linda King to clarify that Firefighters Unified Retirement System, then, deals with several different *associations*. **Ms. King** said that is correct.

Motion: **SEN. BROOKE WITHDREW HER MOTION TO AMEND SB 357.**

Motion: **SEN. WELDON** moved that **SB 357 DO PASS.**

Discussion: **Linda King** said the fiscal note for SB 357 indicates that SB 357 is to be coordinated with the GABA bill, and she said the impact has been calculated at .24% of salary. **Ms. King** said the additional cost is less than $10,000 per year and SB 357 has very little impact on the GABA bill. **Ms. King** added that the PERS Board is supporting SB 357 because of the equity issue with the other hazardous duty retirement systems (police and highway patrol officers).

SEN. FOSTER asked Linda King for clarification regarding the coordinating instruction on page 6, section 10. **Ms. King** said the coordinating instruction would increase each (police, highway patrol, and firefighters) by .08%, and the $10,000 would be split between those three entities.

Vote: The **MOTION CARRIED UNANIMOUSLY** on oral vote.

{Tape: 1; Side: B; Approx. Counter: 37.0}

EXECUTIVE ACTION ON SB 300

Motion: **SEN. FOSTER** moved that **SB 300 DO PASS.**

Discussion: **SEN. FOSTER** said he does not believe the office of the Commissioner of Political Practices can do what is called for in SB 300 without creating a difficult situation. He believes the wording in his bill, SB 98, does address the concerns raised in SB 300 to a certain extent.

SEN. COLE stated he is concerned for funding for these types of bills. **SEN. BROOKE** said each bill should be considered separately, and **SEN. COLE** agreed that they would be.

SEN. BROOKE said she agrees with Senator Foster's comments and that SB 300 is too punitive.

SEN. WELDON said he believes there are significant constitutional issues with SB 300. One is that it essentially does not provide for the provisions normally considered to protect the due process guarantee. **SEN. WELDON** also stated he is convinced that making the oath of good campaign practices *mandatory* is unconstitutional given the provision of the Constitution which states that no person shall be required to sign an oath to serve in office other than the oath to uphold the Constitution.

David Niss handed out amendments to SB 300 **(EXHIBIT 3).**

Motion: **SEN. PIPINICH** moved **TO ACCEPT AMENDMENTS TO SB 300 (SB030002.agp).**

Discussion: **David Niss** briefly explained the amendments contained in Exhibit 3 for the Committee.

Vote: The **MOTION CARRIED 5-3** on roll call vote.

MONTANA SENATE
1995 LEGISLATURE
STATE ADMINISTRATION COMMITTEE

ROLL CALL DATE 02-18-95

NAME	PRESENT	ABSENT	EXCUSED
VIVIAN BROOKE	✓		
MACK COLE	✓		
MIKE FOSTER	✓		
DON HARGROVE	✓		
BOB PIPINICH	✓		
JEFF WELDON	✓		
KEN MESAROS, VICE CHAIRMAN	✓		
ETHEL HARDING, CHAIRMAN	✓		

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SENATE STANDING COMMITTEE REPORT

February 18, 1995

MR. PRESIDENT:

We, your committee on State Administration having had under consideration SB 357 (first reading copy -- white), respectfully report that SB 357 do pass.

Signed: Ethel M. Harding
Senator Ethel M. Harding, Chair

Amd. Coord.
Sec. of Senate

421548SC.SPV

SENATE STATE ADMIN.
EXHIBIT NO. 1
DATE 02-18-95
BILL NO. SB372

Amendments to Senate Bill No. 372
First Reading Copy

Requested by Sen. Weldon
For the Committee on State Administration

Prepared by David S. Niss
February 17, 1995

1. Title, line 5.
Strike: "AGENCIES FOR TIME SPENT BY AGENCY"
Following: "EMPLOYEES"
Insert: "FOR TIME SPENT"
Following: "SUBPOENAS"
Insert: "IN CIVIL ACTIONS; ALLOWING STATE OFFICES TO REQUIRE REIMBURSEMENT FROM THE PARTY ISSUING THE SUBPOENA"

2. Page 1, line 11.
Strike: the first "a"
Insert: "the"
Strike: "agency"

3. Page 1, line 12.
Following: "testify"
Insert: "in a civil action"

4. Page 1, line 13.
Following: "shall"
Insert: ", if requested by the affected state agency,"
Strike: "affected state"

5. Page 1, line 14.
Following: "."
Insert: "As used in this section, "employee" means an employee of the executive, legislative, or judicial branch of state government."

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
54th LEGISLATURE - REGULAR SESSION

COMMITTEE ON STATE ADMINISTRATION

Call to Order: By **CHAIRMAN RICHARD SIMPKINS**, on March 3, 1995, at 8:00 A.M.

ROLL CALL

Members Present:

Rep. Richard D. Simpkins, Chairman (R)
Rep. Matt Denny, Vice Chairman (Majority) (R)
Rep. Dore Schwinden, Vice Chairman (Minority) (D)
Rep. Matt Brainard (R)
Rep. Patrick G. Galvin (D)
Rep. Dick Green (R)
Rep. Antoinette R. Hagener (D)
Rep. Harriet Hayne (R)
Rep. Bonnie Martinez (R)
Rep. Gay Ann Masolo (R)
Rep. William Rehbein, Jr. (R)
Rep. Susan L. Smith (R)
Rep. Carolyn M. Squires (D)
Rep. Jay Stovall (R)
Rep. Lila V. Taylor (R)
Rep. Joe Tropila (D)

Members Excused: Rep. George Heavy Runner (D)
Rep. Sam Kitzenberg (R)

Members Absent: none

Staff Present: Sheri Heffelfinger, Legislative Council
Christen Vincent, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:
Hearing: SB 357, SB 221, SB 193, SB 337
Executive Action: NONE

{Tape: 1; Side: A.}

HEARING ON SB 357

Opening Statement by Sponsor:

SEN. FRED VAN VALKENBURG stated that with the passage of this bill, there won't be as many injuries because of the younger work force and they won't have to pay higher salaries. With the system as it is currently, there is an older work force which is subject to more injuries than a younger work force would be. If this bill were to pass the fire departments wouldn't have to spend as much money for salaries because people would be able to retire at a younger age and wouldn't keep going up the pay scale.

Proponents' Testimony:

Dean Riggin, Great Falls Fire Department, stated with this bill the people in these professions won't have as many injuries and the employers won't have to pay higher salaries by providing early retirement. He submitted **EXHIBIT 1.** These professions are not covered under the social security act. These people who retire at age 65 will not receive any social security benefits since they aren't covered by the system. He stated the police and highway patrol systems realize they need to compensate for lack of social security benefits and in order to retire at a reasonable youthful age, there should be an increase in the benefit allowance for a year of service after twenty years. He stated both these systems have been changed to allow this increase.

The firefighter's system at the present time doesn't enjoy this benefit, but it shows that it is justified. Therefore, there are two major provisions to the bill. He stated the bill would allow retirement for firefighters after twenty years of service. The bill will also provide and increase benefits for years of service to 2% per year of service after twenty years for those members who currently only receive 1%. He stated this also removes the existing 60% of salary incumbent upon monthly benefit a retiree may receive.

It is their firm belief that both provisions will encourage retirement and promote the hiring of younger firefighters. The proposed distribution costs will meet a compromise and solvency of the Firefighters Retirement System. It will not impose an unreasonable and unjustified expense upon taxpayers. Although there are increases in the contribution rates from this bill to the cities and the state, they aren't big ones and they will be offset to a great degree by saving decisions in several areas. Since older firefighters receive higher salaries, there will be a savings to the cities and the state in the overall contribution amount because of the smaller payroll.

A younger work force imposes less of a cost to fund the workers compensation system in terms of reduced work comp rates in the cities and fewer claims to be paid by the state. The cities will

enjoy the benefit of lower unemployment insurance rates and significant health insurance costs as a consequence of employing younger workers.

He stated this bill had broad bipartisan support in the Senate. There was no opposition as it passed through the Senate State Administration Committee. They felt this addresses their concerns for having younger retirement and also addresses an important equity issue between the systems. He urged a do pass. He submitted written testimony. **EXHIBIT 2**

Pat Clinch, Lieutenant Fireman, stated currently there is a two-tier system. One tier is for those firefighters who have been hired before July 1, 1981. He stated this bill will remove the 60% maximum cap on benefits for these people. They will also receive a two percent increase for each year after twenty years of service. Currently they only receive one percent a year with a maximum of 60%. This bill will guarantee retirement for those people who are ready after twenty years of service regardless of age. He stated their benefits will be a guarantee of half of tier last month's salary and a two percent increase every year served after twenty.

The other tier is for those people employed after July 1, 1981. With this bill it would remove the 60% cap. He stated these people would be able to retire after twenty years of service at 40% of their salary. Their disability benefits would be half of their last month's salary, plus a 2% increase for every year served after 25 years. He stated the proposed cost for the employees rate is 7.8% of their salary which is a 1.8% increase from what they have recieved previously. The employers rate would be 14.36% which is an increase of 1.34%. This would make their retirement close to that of the police officers. The state's obligation would increase to 24.21%. The contribution amount would be 46.37% and there would be a 4.8% salary increase. He stated worker's compensation would decrease because with a younger work force there are less injuries. He closed stating they were in favor of the bill and the state's increase represents less than 10% of the expected increase in tax.

Linda King, Public Employees' Retirement System, submitted written testimony. **EXHIBIT 3**

Jerry Williams, Montana Police Protection Association, stated they were in support of the bill and this is a hazardous duty bill for the last of the hazardous duty employees to be covered.

Opponents' Testimony: none

Informational Testimony: none

Questions From Committee Members and Responses:

REP. GALVIN asked how many people were injured or disabled after the age of 40.

Mr. Riggin stated he didn't have the figures with him but he could get them for the committee.

REP. STOVALL asked how many people this bill would affect if it were passed.

Mr. Riggin stated it would affect about 10% of the force right away throughout the state. He stated in 20 years or more it could affect about 40% of the force.

REP. STOVALL asked how many people that would be.

Mr. Riggin stated there are about 450 active fire fighters currently. He stated 160 would be eligible to retire. He didn't think they would see a mass exiting of people if this were to become effective. He thought within a year there would be a significant turnover in the department.

REP. STOVALL asked if he had any calculations on how being younger would save money.

Mr. Riggin stated he did have figures on how this would affect the city of Great Falls. If the committee would like he could get the numbers for the rest of the state. In Great Falls they would be saving about $800 a month or $100,000 a year by hiring younger people.

REP. REHBEIN asked if the bill would increase taxes on the city level and if so, by how much.

Mr. Riggin stated it would be about $160,000 a year for all of the cites combined and about $120,000 for the state level.

REP. REHBEIN asked what it would be for the city of Great Falls.

Mr. Riggin stated it would be about $28,000 if all of the people eligible would retire. He stated he didn't have the state figures.

REP. REHBEIN asked how much impact this would have on the fire insurance premiums.

Mr. Riggin stated he couldn't really say, but he thought it would be insignificant. There would be some impact, but not much.

REP. MASOLO asked what the average age of firefighters is for the state.

Ms. King stated it is about 40.6 years.

REP. MASOLO asked how old the oldest firefighter was in Great Falls.

Ms. King stated she didn't have the figures for the cities, but she did have the figures for the state. She said 25% of the membership would be eligible to retire immediately if this bill were to pass. She said she would expect a significant turnover within the next year if this became law.

REP. MASOLO asked how long most people stay with a department.

Ms. King stated the average age of retirement is 50. She said with the passage of this bill there would be a dramatic change in the first few years.

REP. BRAINARD asked what the average turnover rate on new hires was.

Ms. King stated 78 out of 412 have less than five years experience.

Mr. Riggin stated for the most part people get there and stay and there is little turnover.

REP. TAYLOR asked how many hours a week these people typically work.

Mr. Riggin stated each city has its own shifts and it depends on the shifts.

REP. TAYLOR asked if it was possible that they would work a great deal one week and not very much the next week.

Mr. Riggin stated it would depend on the shifts that the city has set up.

REP. REHBEIN asked if the people employed hold other jobs as well or if they are full-time firefighters.

Mr. Riggin stated they are full-time professional firefighters.

CHAIRMAN SIMPKINS asked what the cities' opinions about this bill have been.

Mr. Riggin stated he believed they thought it was a good idea but there was some concerns about the cost of implementing something like this.

REP. BRAINARD asked what this would mean actuarially when they do these programs. He asked what happens to the retirement fund from them.

Ms. King stated for members who terminate before they are due to retire, they can receive a refund of their contributions in interest. The rest of the money stays in the fund.

REP. STOVALL asked if this system was separate from the rest of the systems.

Ms. King stated it was and there are nine systems currently in the state.

REP. STOVALL asked if there was any unfunded liability in the system.

Ms. King stated there is in all of the systems. She stated there will be $62.5 million for the firefighters with a 27.74 year amortization period. She stated all of this will be amortized within thirty years.

CHAIRMAN SIMPKINS asked how this bill will affect this.

Ms. King stated it will not increase the amortization.

REP. STOVALL asked if this will go into GABA, HB 268.

Ms. King stated it will go into the Guaranteed Annual Benefit Adjustment program if it is passed. She stated about .018% of the salary will be added for a total of $75,000 for each state-wide.

{Tape: 1; Side: B.}

REP. MASOLO asked what the average salary increase was for firefighters.

Ms. King stated for those people hired prior to July 1, 1981, they receive 2.5% a year for the first 20 years and 1% increase after their twenty years of service. She stated the people hired after this time receive 2% a year regardless of the years served.

REP. TAYLOR asked if a person spends five years as a sheriff if they could roll their retirement into the firefighters' retirement and use that for the twenty years needed to retire.

Ms. King stated they would be able to do that at an additional out-of-pocket cost.

<u>Closing by Sponsor</u>:

SEN. VAN VALKENBURG stated the firefighters see no problem with the amendment proposed. They are the last of four hazardous duty occupations to come before the legislature and ask for change in their retirement system. They had worked with several different people to make sure this bill is actuarially sound. There has been no opposition by the cities to this bill. It gives them an

opportunity to do something for the benefit of the firefighters. He asked for the committee's favorable consideration of the bill. **EXHIBIT 4**

HEARING ON SB 221

Opening Statement by Sponsor:

SEN. STEVE DOHERTY, SD 24, submitted **EXHIBIT 5.** He stated this bill had received approval of the Senate and the Interim Committee who researched this. The basic idea of the bill was to catch up on the funding from some members of the police force. This would be a one time bump to half of the retirement benefits of sergeants. Some people have been through the ranks and have retired a number of years ago and haven't received a raise in their benefits since that time. He stated the insurance premiums would fund the one-time bump in pay.

Proponents' Testimony:

Bill Steele, Police Officer, Retired, submitted **EXHIBIT 6.** He stated where the people retired is generally where they stay. Currently, they receive no less than one half of what was paid when they retired. In 1984, they changed the law to state no officer would receive less than one half of a deferred officer's pay. He stated there had been an erosion of benefits and the retirement is worth less now and will keep on eroding as time goes on. This one-time ad hoc raise would bring retirees to the base pay of a sergeant's pay and they would stay there until the deferred officer's pay caught up to them. The 1.8% increase would cost 9/10 of a percent for the cities and the same for the state. This is now coming form the insurance premium taxes and this is where it should come from because that was set up for that purpose. He stated currently there is a minimum payment of one half for benefits of a deferred patrolmen. The 2% GABA doesn't fully address this because retirees who have waited will receive a 2% increase to smaller, seriously eroded base benefits. This one time adjustment is the most feasible and the least costly way to address the problem.

Frank Cole, Missoula, Retired, stated the pay scale is in a hole. They need to go back to the people who created the problem. He told the committee what his monthly budget was in order to bring home the reality that what they are currently getting from the retirement isn't sufficient. He stated the intent of the money is for these people and he hoped the committee would give the bill a do pass recommendation.

CHAIR TURNED OVER TO VICE CHAIRMAN DORE SCHWINDEN.

Earnie Cox, President, United Police Officers Association, stated he had retired after 20 years of service and since then there has

HOUSE OF REPRESENTATIVES

State Administration

ROLL CALL DATE 3-8-95

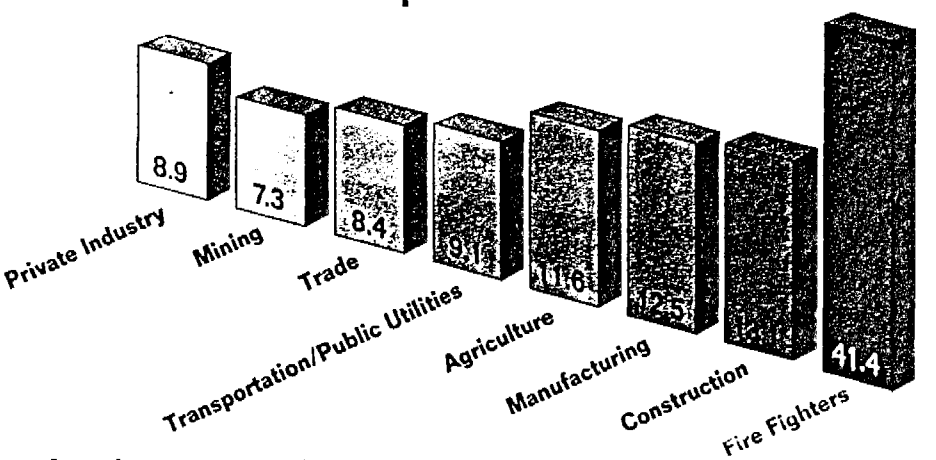
NAME	PRESENT	ABSENT	EXCUSED
Rep. Dick Simpkin, Chairman	✓		
Rep. Matt Denny, Vice Chairman, Majority	✓		
Rep. Dore Schwinden, Vice Chair, Minority	✓		
Rep. Matt Brainard	✓		
Rep. Pat Galvin	✓		
Rep. Dick Green	✓		
Rep. Toni Hagener	✓		
Rep. Harriet Hayne	✓		
Rep. George Heavy Runner			✓
Rep. Sam Kitzenberg			✓
Rep. Bonnie Martinez	✓		
Rep. Gay Ann Masolo	✓		
Rep. Bill Rehbein	✓		
Rep. Susan Smith	✓		
Rep. Jay Stovall	✓		
Rep. Carolyn Squires	✓		
Rep. Lila Taylor	✓		
Rep. Joe Tropila	✓		

II. Fire Fighter Injuries

Fire departments responding to the 1993 survey reported that 93,786 fire fighters sustained 35,485 line-of-duty injuries either at the emergency scene or while performing other job related tasks. Consequently, more than one out of every three fire fighters was injured in the line of duty.

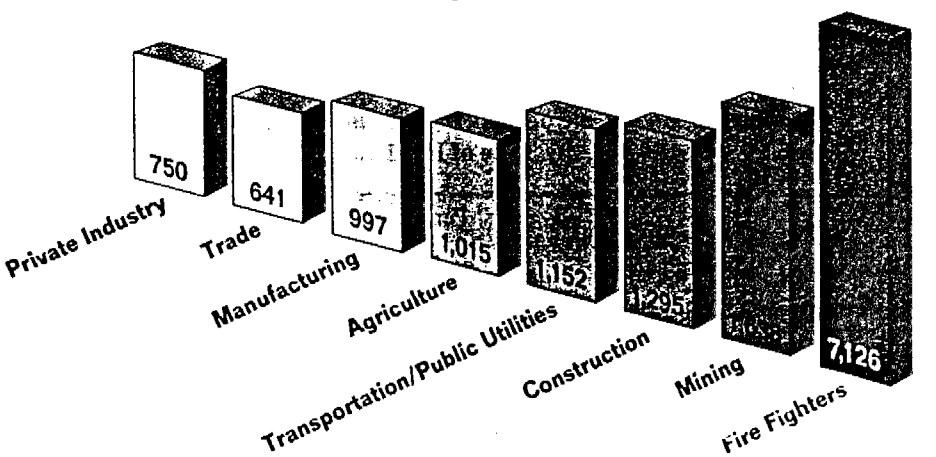
When compared to data compiled for private industry by the U.S. Bureau of Labor Statistics, the 1993 Fire Fighter Death and Injury Survey indicates that "incidence" or frequency of fire fighter job related injury is 4.7 times that of workers in private industry. In other words, 41.4 percent of fire fighters were injured in 1993 compared to only 8.9 percent of private industry workers. In terms of severity, fire fighter injuries caused 7,126 lost work hours per 100 workers — a rate 9.5 times the 750 hours lost per 100 workers in private industry.

Number of Job Related Injuries/ Illnesses per 100 Workers



Source: Occupational Injuries and Illnesses in the United States by Industry, 1992, Summary 94-3, U.S. Bureau of Labor Statistics; and IAFF 1993 Death and Injury Survey.

Lost Work Hours* from Job Related Injuries/Illnesses per 100 Workers



Source: Unpublished data, U.S. Bureau of Labor Statistics; and IAFF 1993 Death and Injury Survey.

*For fire fighters, data is based on number of work shifts lost multiplied by the length of shift worked by each responding department. For all other industries, lost work hours are derived by multiplying the number of lost workdays reported by BLS by 8 hours.

EXHIBIT 1
DATE 3-3-95
~~HB~~ SB 357

Dean Riggin

FURS Pension Benefit Revision

The role of the modern professional firefighter is a unique and challenging one, requiring far greater knowledge, training and commitment than needed in the past. This in turn asks much more of the men and women who perform this job, both in terms of the physical demands and the emotional stresses placed upon them over their careers in the performance of their duties. The reasons for this are many, but four prominently stand out.

First, firefighting itself has become more difficult. An especially significant and growing danger is the widespread use of synthetic materials in newer building construction, which creates fire environments far more hazardous than those known in the past. In addition, despite constant urban growth, local government cutbacks have led to reduced fire department manning levels, leaving fewer personnel to protect many more buildings and people, which greatly increases the risk of injury for individual firefighters.

Second, fire departments must deal with an ever-growing number of hazardous substances which move through our cities and towns every day, or lie in storage throughou the state. Thousands of such substances already exist, and the number of new ones has increased almost geometrically in recent years. Since hazardous material incidents involving these substances will certainly occur, firefighters must learn, through constant training, the correct incident response for each of them.

Third, and most significant, the role of fire departments in providing emergency medical services to their communities has

EXHIBIT 2
DATE 3-3-95
HB SB 357

grown enormously in the past decade. Nearly 80% of fire department responses in Montana cities are now emergency medical in nature, numbering over twelve thousand responses each year, and as a result three out of four Montana professional firefighters have also become emergency medical technicians. If you ask any firefighter with twenty years or more of service what the greatest difference is between their job today and the job when they were hired, they will tell you, "All the medical calls we go on now." And if you ask any firefighter what part of their job is the most demanding and stressful, their reply will be the same: "All the medical calls we go on now."

Fourth, recognizing these increased demands being placed upon individual firefighters and wishing to minimize time lost to sickness and injury, municipalities are justifiably requiring ever higher physical and mental standards of personnel within fire departments. This, of course, places a premium on fitness and youth, and often means changes in lifestyle for firefighters to meet the goals.

As all these reasons indicate, changes in the firefighting profession over recent decades have served to heighten rather than lessen the physical and mental stresses facing firefighters, and they also emphasize the need for younger members within fire departments. This is clearly not a job to be done by aging men. It is equally clear that it would be beneficial to have a retirement structure in place which would encourage retirement at an earlier age and thereby reap the benefit of bringing in more youthful employees. The other public safety organizations within

EXHIBIT 2
DATE 3-3-95
SB 357

the state, police, highway patrol, and sheriffs, have recognized this fact and have gotten or are acquiring provisions within their retirement systems to allow retirement after 20 years of service. Every argument advanced by these organizations to support the need for allowing earlier retirement applies equally, if not more so, to the profession of firefighting.

In addition, one more point must be made. Montana's firefighters, police officers, and highway patrol officers are members of public safety professions which are not covered by the Social Security Act, and therefore whose members upon reaching age 65 do not receive social security benefits. In the police and highway patrol retirement systems, it has been realized that to compensate for the lack of social security benefits and still allow for the possibility of retirement at a reasonably youthful age, there should be an increase in the benefit allowance per year of service past 20 years, and both systems have been changed to allow this increase. The firefighters' system does not at present enjoy this benefit, yet comparison with these other two similar systems will show that it is certainly justified.

Therefore, there are two major provisions to the bill we are proposing today. First, the bill will allow retirement for firefighters after 20 years of service. Second, it will provide an increased benefit per year of service, to 2% per year of service after 20 years, for those members who now accrue only 1% of salary for each year of service after 20 years, and remove the existing 60% of salary limit upon the monthly benefit a retiree may receive. It is our firm belief that both provisions will

encourage retirement and promote the hiring of younger firefighters, and with the proposed distribution of costs will neither compromise the solvency of the firefighter's retirement system nor impose unreasonable and unjustified expense upon the taxpayers. Although there are increases in contribution rates proposed in the bill for the cites and the state, they are not large, and the increases will be offset to a great degree by savings the cities and state will realize in several areas. Since older firefighters receive higher salaries than younger ones, there will be savings to the cities and the state in overall contribution amounts because of smaller payrolls. Secondly, a younger workforce imposes less cost upon the Worker's Compensation System, both in terms of reduced Work Comp rates for the cities and fewer claims to be paid by the state, especially in a profession such as firefighting. Finally, the cities will enjoy the benefit of lower unemployment insurance rates, and, perhaps foremost, significantly reduced health insurance costs as a consequence of employing younger workers.

This bill gained broad bipartisan support in the Senate. It passed the Senate State Administration Committee unanimously, and received a 34-16 do pass vote on the Senate floor, a better than 2 to 1 margin, with majorities of both parties recommending passage. The proposal is also supported by Senators Tom Beck and John Hertel, who were members of the 1993-1994 Interim Study Committee on Pension Systems, and by Linda King, Administrator of the Public Employees' Retirement Division. The bill is as follows.

TESTIMONY IN SUPPORT OF
SB 357
on behalf of the
PUBLIC EMPLOYEES' RETIREMENT BOARD

Presented by
Linda King, Administrator
Public Employees' Retirement Division

On behalf of the Public Employees' Retirement Board which administers the Firefighters' Unified Retirement System, I am here to support SB 357. The bill, with the necessary proposed amendments, addresses significant equity issues between the FURS and the other hazardous duty retirement systems in this state. Those equity issues are:

-- Retirement eligibility at 20 years of service, regardless of age

-- Elimination of the 60% maximum benefit limitation

-- Increasing the benefit accrual rate for pre-1981 members after 20 years of service (from 1%/year to 2%/year).

Retirement Eligibility. In 1991 the Legislature removed the age 50 requirement for normal service retirement in the Municipal Police Officers' Retirement System. That requirement had been imposed back in 1977 when the statewide system was formed. The reason for imposing the age 50 eligibility requirement was simply to reduce the cost of retirement benefits in that system. Similarly, when the Highway Patrol Officers', Sheriffs', and Firefighters' systems were formed, similar age constraints were enacted. In 1993, the Legislature removed the age 50 eligibility requirement in the Highway Patrol System.

Two bills have been introduced in the current session to equalize the retirement eligibility criteria in the remaining two hazardous duty retirement systems -- the Sheriffs' bill (HB 306 which has already passed the House and will be heard by this committee in the near future) and the Firefighters' bill which you are considering at present.

Elimination of 60% maximum benefit limitation. This limitation was also removed by previous legislatures from the Police and Highway Patrol Systems. In the interest of equity, the limitation should also be removed from the remaining hazardous duty retirement systems.

Increasing benefit accrual rates after 20 years of service. Currently, FURS members hired prior to 7/1/81 (when this unified system was enacted) receive 2.5% of final compensation for each year of service up to 20 years. After 20 years, their benefit accrual rate currently drops to 1% of final salary per year of service. (Post 7/1/81 hires receive 2% per year for all years of service.) In 1991 and 1993, the Legislature removed benefit accrual reductions from the Police and Highway Patrol Systems. In the interest of equity, this session should also favorably consider this proposal which would increase the benefit accrual after 20 years -- not to the full 2.5%, but to a more modest 2% per year of service.

Equity Issue. The Board opposed a 1991 bill which removed these restrictions from the Municipal Police Officers' Retirement system because of the equities which would be effected between the hazardous duty systems. It was the Board's position that the full impact of the 1991 decision would not be realized until all hazardous duty systems were equalized. In spite of the Board's opposition, the 1991 legislature removed the age restrictions and increased benefit accruals in the Police. As predicted, in 1993, a bill was introduced, and passed, to eliminate the age restrictions and increase benefits in the Highway Patrol System.

This session, equalization bills have arrived for the two remaining hazardous duty retirement systems. This committee and the House have already considered and approved the equalization bill for the Sheriffs' Retirement System. The Board urges that you complete the process begun in 1991 by passing this legislation, including the amendments proposed here today, granting 20 year retirement to all members of the Firefighters' Unified Retirement System. The bill is actuarially funded and will address important equity issues between the retirement systems.

EXHIBIT 3
DATE 3-3-95
SB 357

THE CITY OF BOZEMAN
411 E. MAIN ST. P.O. BOX 640 PHONE/TDD (406) 582-2300
BOZEMAN, MONTANA 59771-0640

March 2, 1995

State Administration Committee
House of Representatives
Representative Dick Simpkins, Chairman
Room 312-3
State Capitol
Helena, MT 59620

Re: SB 357

Mr. Chairman & Members of the Committee:

As the employer of a fire department in one of the major cities in Montana, I am writing in opposition to SB 357.

The reasons for the City of Bozeman's opposition to this bill are enumerated below.

1) This bill would pass additional retirement system costs on to local governments. Local governments would have no say in whether or not they would be willing to incur these added costs.

   Due to the restrictions of I-105, some local governments have no ability to raise additional revenues. Most are at their mill levy cap and some are actually experiencing a reduction in their taxable value.

2) Enormous disparities currently exist in the retirement system contribution rates. In the past, the Legislature has made efforts to reduce the discrepancies in the retirement systems. This bill would work to exaggerate the existing inconsistencies. To demonstrate the variations, the retirement system contribution rates of the retirement systems the city deals with, are shown on the following page.

EXHIBIT 5
DATE 3-3-95
SB 357

	Contributions				
	Employee	Employer	Sub-Total	State	Total

RETIREMENT CONTRIBUTION RATES

PERS	6.70	6.70	13.40		13.40
Fire	6.00	13.02	19.02	22.98	42.00
Police:					
Prior to 7-1-75	6.00	13.92	19.92	15.66	35.58
7-1-75 to 6-30-79	7.20	13.92	21.12	15.66	36.78
After 7-1-79	8.70	13.92	22.62	15.66	38.28

3) The fundamental problem is that workers cannot expect to work for only 20 years and then be able to retire. Many firefighters are hired in their early 20's. If they only work 20 years, they would be retiring in their early 40's.

Firefighters should not expect taxpayers to finance the vast majority of their retirement system costs to enable them to retire when they are 40 years old.

IF FIREFIGHTERS WOULD LIKE TO IMPROVE THEIR RETIREMENT SYSTEM BENEFITS, THEY SHOULD FUND THE ADDITIONAL COSTS THEMSELVES.

Sincerely,

James E. Wysocki

James E. Wysocki
City Manager

L95-061

HOUSE OF REPRESENTATIVES
VISITORS REGISTER

State Admin COMMITTEE DATE 3-3-95

BILL NO. SB 352 SPONSOR(S) Van Valkenburg

PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	Support	Oppose
Pat Clinch	MT State Council Firefighters	X	
VERNON L ERICKSON	" "	X	
Tim BERGSTROM	BILLINGS FIRE FIGHTERS	X	
DEAN RIGGIN	GREAT FALLS FIRE DEPT.	X	
Richard Seddon	Kalispell Fire Dept	X	
Jerry Williams	Montana Police Protective Assn	X	
JOHN P. PAULL	BUTTE FIR DEPT	X	
Dave Brinker	Retired Police	X	
Lloyd S. Porter	Retired Police	X	

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

HR:1993
wp:vissbcom.man
CS-14

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
54th LEGISLATURE - REGULAR SESSION

COMMITTEE ON STATE ADMINISTRATION

Call to Order: By **CHAIRMAN RICHARD SIMPKINS**, on March 9, 1995, at 8:40 A.M.

ROLL CALL

Members Present:

Rep. Richard D. Simpkins, Chairman (R)
Rep. Matt Denny, Vice Chairman (Majority) (R)
Rep. Dore Schwinden, Vice Chairman (Minority) (D)
Rep. Matt Brainard (R)
Rep. Patrick G. Galvin (D)
Rep. Dick Green (R)
Rep. Antoinette R. Hagener (D)
Rep. Harriet Hayne (R)
Rep. Sam Kitzenberg (R)
Rep. Bonnie Martinez (R)
Rep. Gay Ann Masolo (R)
Rep. William Rehbein, Jr. (R)
Rep. George Heavy Runner (D)
Rep. Susan L. Smith (R)
Rep. Jay Stovall (R)
Rep. Joe Tropila (D)

Members Excused: Rep. Carolyn Squires (D)
Rep. Lila Taylor (R)

Members Absent: none

Staff Present: Sheri Heffelfinger, Legislative Council
Christen Vincent, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:
Hearing: SB 234
Executive Action: SB 221, SB 357

{Tape: 1; Side: A.}

EXECUTIVE ACTION ON SB 221

Motion: **REP. PAT GALVIN MOVED SB 221 BE CONCURRED IN.**

needed to look back at past legislative sessions to look at the ad hocs. Originally, it seems like they may have set this system up to keep it financially solvent and bring it back in line. Meanwhile all of the ad hocs have created havoc in the system. He stated it was his recommendation to send this bill to appropriations for them to figure out the dollar amounts to go with this bill. At the same time he was trying to line them up the best they can. He stated he thought by the time they leave the legislature this time they should have the retirement systems in better shape than they have been in the past 20 to 30 years. He stated the retirement systems will be more understandable and will have greater compatibility. He stated they have taken away some benefits that never should have been there. He said at the end of this session the mechanics will be better than they have ever been. He said there was enough money flowing into the system that the unfunded liability will be totally eliminated in a certain number of years. He stated there is no need to put in more money for these systems. If the committee were to look at things such as the financial solvency of the state there should technically not be any unfunded liabilities so they would have to put a lot of money into those things. He stated he couldn't tell the committee what future legislative sessions would do with this, but that he is comfortable with this bill the way it is.

Vote:

MOTION CARRIED 15- 3 WITH REP. GREEN, REP. REHBEIN, AND REP. SMITH VOTING NO AND REP. TAYLOR VOTING YES BY PROXY.

EXECUTIVE ACTION ON HB 357

Motion: **MOTION DO CONCUR AS AMENDED MADE BY REP. HEAVY RUNNER.**

Motion/Vote: **REP. JOE TROPILA MOVED THE AMENDMENT. MOTION CARRIED 13-0 WITH REP. TAYLOR VOTING BY PROXY AND REP. SCHWINDEN, REP. GREEN, REP. HAGENER, REP. MASOLO, AND REP. SQUIRES AS EXCUSED.**

Motion/Vote: **REP. HARRIET HAYNE MOVED THE AMENDMENT. THE MOTION CARRIED 16-0 WITH REP. TAYLOR VOTING BY PROXY AND REP. SCHWINDEN, REP. SQUIRES EXCUSED.**

Vote: **MOTION CARRIED 12-5 WITH REP. SQUIRES EXCUSED.**

Discussion: By no opposition of the committee, those people who were recorded as excused previously had the option of recording their votes on the two above mentioned bills. **REP. DENNY** was given the opportunity to record his vote on HB 268 as being yes instead of being excused from the vote. **REP. DENNY** took over as chairman for the hearing.

{Tape: 1; Side: B.}

HOUSE OF REPRESENTATIVES

ROLL CALL VOTE

State Administration

DATE March 9, 1995 BILL NO. SB NUMBER 357

MOTION: Rep. Heavy Runner moved Do Concur as amended SB035701.95h Harper

NAME	AYE	NO
Rep. Dick Simpkin, Chairman	✓	
Rep. Matt Denny, Vice Chairman, Majority	✓	
Rep. Dore Schwinden, Vice Chairman, Minority	✓	
Rep. Matt Brainard		✓
Rep. Pat Galvin	✓	
Rep. Dick Green		✓
Rep. Toni Hagener	✓	
Rep. Harriet Hayne	✓	
Rep. George Heavy Runner	✓	
Rep. Sam Kitzenberg	✓	
Rep. Bonnie Martinez		✓
Rep. Gay Ann Masolo	✓	
Rep. Bill Rehbein		✓
Rep. Susan Smith		✓
Rep. Jay Stovall	✓	
Rep. Carolyn Squires	excused	
Rep. Lila Taylor	✓	
Rep. Joe Tropila	✓	

HOUSE OF REPRESENTATIVES

ROLL CALL VOTE

State Administration

DATE March 9, 1995 BILL NO. SB NUMBER 357

MOTION: Rep. Hayne moved the amendment.

NAME	AYE	NO
Rep. Dick Simpkin, Chairman	✓	
Rep. Matt Denny, Vice Chairman, Majority	✓	
Rep. Dore Schwinden, Vice Chairman, Minority	excused	
Rep. Matt Brainard	✓	
Rep. Pat Galvin	✓	
Rep. Dick Green	✓	
Rep. Toni Hagener	✓	
Rep. Harriet Hayne	✓	
Rep. George Heavy Runner	✓	
Rep. Sam Kitzenberg	✓	
Rep. Bonnie Martinez	✓	
Rep. Gay Ann Masolo	✓	
Rep. Bill Rehbein	✓	
Rep. Susan Smith	✓	
Rep. Jay Stovall	✓	
Rep. Carolyn Squires	excused	
Rep. Lila Taylor By Proxy	✓	
Rep. Joe Tropila	✓	

HOUSE OF REPRESENTATIVES

ROLL CALL VOTE

State Administration

DATE March 9, 1995 BILL NO. SB NUMBER 357

MOTION: Rep. Tropila moved the amendment.

NAME	AYE	NO
Rep. Dick Simpkin, Chairman	✓	
Rep. Matt Denny, Vice Chairman, Majority	✓	
Rep. Dore Schwinden, Vice Chairman, Minority	excused	
Rep. Matt Brainard	✓	
Rep. Pat Galvin	✓	
Rep. Dick Green	excused	
Rep. Toni Hagener	excused	
Rep. Harriet Hayne	✓	
Rep. George Heavy Runner	✓	
Rep. Sam Kitzenberg	✓	
Rep. Bonnie Martinez	✓	
Rep. Gay Ann Masolo	excused	
Rep. Bill Rehbein	✓	
Rep. Susan Smith	✓	
Rep. Jay Stovall	✓	
Rep. Carolyn Squires	excused	
Rep. Lila Taylor By Proxy	✓	
Rep. Joe Tropila	✓	

HOUSE OF REPRESENTATIVES

State Administration

ROLL CALL DATE March 9, 1995

NAME	PRESENT	ABSENT	EXCUSED
Rep. Dick Simpkin, Chairman	✓		
Rep. Matt Denny, Vice Chairman, Majority	✓		
Rep. Dore Schwinden, Vice Chair, Minority	✓		
Rep. Matt Brainard	✓		
Rep. Pat Galvin	✓		
Rep. Dick Green	✓		
Rep. Toni Hagener	✓		
Rep. Harriet Hayne	✓		
Rep. George Heavy Runner	✓		
Rep. Sam Kitzenberg	✓		
Rep. Bonnie Martinez	✓		
Rep. Gay Ann Masolo	✓		
Rep. Bill Rehbein	✓		
Rep. Susan Smith	✓		
Rep. Jay Stovall	✓		
Rep. Carolyn Squires			✓
Rep. Lila Taylor			✓
Rep. Joe Tropila	✓		

HOUSE STANDING COMMITTEE REPORT

March 9, 1995

Mr. Speaker: We, the committee on **State Administration** report that **Senate Bill 357** (third reading copy -- blue) **be concurred in as amended.**

Signed: Dick Simpkins
Dick Simpkins, Chair

And, that such amendments read: **Carried by: Rep. Harper**

1. Page 3, line 1.
Strike: "10"
Insert: "20"

2. Page 3, line 19.
After: "years"
Insert: "but less than 20 years"

3. Page 6, line 15.
Strike: "25"
Insert: "20"

4. Page 6, line 28 through Page 7, line 3.
Strike: section 10 in its entirety
Renumber: subsequent section

-END-

Committee Vote:
Yes 12, No 5.

551134SC.Hdh

Amendments to Senate Bill No. 357
Third Reading Copy

Requested by Sen. Fred Van Valkenburg
For the Committee on House State Administration

Prepared by Sheri S. Heffelfinger
March 2, 1995

1. Page 3, line 1.
Strike: "10"
Insert: "20"

2. Page 3, line 19.
After: "years"
Insert: "but less than 20 years"

3. Page 6, line 15.
Strike: "25"
Insert: "20"

4. Page 6, line 28 through Page 7, line 3.
Strike: section 10 in its entirety
Renumber: subsequent section

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
54th LEGISLATURE - REGULAR SESSION

COMMITTEE ON APPROPRIATIONS

Call to Order: By **CHAIRMAN TOM ZOOK**, on March 30, 1995, at 8:00 a.m.

ROLL CALL

Members Present:

Rep. Tom Zook, Chairman (R)
Rep. Edward J. "Ed" Grady, Vice Chairman (Majority) (R)
Rep. Joe Quilici, Vice Chairman (Minority) (D)
Rep. Beverly Barnhart (D)
Rep. Ernest Bergsagel (R)
Rep. John Cobb (R)
Rep. Roger Debruycker (R)
Rep. Gary Feland (R)
Rep. Marjorie I. Fisher (R)
Rep. Don Holland (R)
Rep. Royal C. Johnson (R)
Rep. John Johnson (D)
Rep. Mike Kadas (D)
Rep. Betty Lou Kasten (R)
Rep. Matt McCann (D)
Rep. William T. "Red" Menahan (D)
Rep. Steve Vick (R)
Rep. William R. Wiseman (R)

Members Excused: None.

Members Absent: None.

Staff Present: Clayton Schenck, Legislative Fiscal Analyst
Marjorie Peterson, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing:	SB 55, SB 221, SB 357
Executive Action:	SB 55 TABLED, SB 221 BE CONCURRED IN, SB 357 BE CONCURRED IN

HEARING ON SB 357

Opening Statement by Sponsor:

SEN. FRED VAN VALKENBURG, SD 32, Missoula, opened the hearing on SB 357 which would give firefighters a retirement benefit after 20 years of service, regardless of age. This bill had been heard in the State Administration committee and was re-referred to Appropriations. This is a retirement bill that would put firefighters on essentially the same retirement system as municipal police officers, the sheriff department and highway patrolmen. It is a stressful occupation that takes a toll on people after 20 years. This bill provides retirement after 20 years of service and is endorsed by PERD (Public Employees Retirement Division). The fiscal note indicates costs of about $125,000 a year from the general fund. The money would come from 10% of the insurance premium fund, leaving 90% still available for the general fund. If the firefighters are allowed to retire at a slightly earlier age, that could decrease workers compensation costs that might occur. The cities have not opposed this bill.

Proponents' Testimony:

Dean Riggin, Captain, Fire Department of Great Falls, stated that firefighting has become more difficult over the years. A growing danger is the widespread use of synthetic materials in newer building construction, which creates more hazardous fires. Another problem is the transportation of hazardous substances through cities and towns all across the state. Also, the firefighters are providing more emergency medical services than ever before and sometimes are the first personnel to arrive at the scene. This bill received 34-16 vote on the Senate floor and is supported by Senators Beck and Hertel, who were members of the interim study. **EXHIBIT 1.**

Questions From Committee Members and Responses:

REP. BEVERLY BARNHART, HD 29, Bozeman, asked how this bill had been received by the interim committee. **SEN. VAN VALKENBURG** said they had endorsed it.

Linda King, Public Employee Retirement Division, Helena, said the original proposal had some problems and this revised version included all their concerns and PERD agrees with it.

REP. EDWARD GRADY, HD 55, Canyon Creek, referred to the fiscal note which said that the fiscal impact of this bill might be different if combined with HB 268 and SB 363. **Ms. King** said that if combined with the GABA bill, the effects of this bill would increase benefits and add about $20,000 a year.

REP. BETTY LOU KASTEN, HD 99, Brockway, asked if the payments were received immediately after 20 years of service or if the firefighter has to be a certain age before receiving the benefits. **Ms. King** said they receive their payments regardless of age.

REP. ROYAL JOHNSON, HD 10, Billings, remarked that at 40 years of age a retired firefighter would be able to go out and get another job. **Mr. Riggin** said that it was a very stressful job as he stated earlier in his testimony. They are not covered by social security or medicare benefits. He doesn't think there would be a mass exodus as many firefighters are not hired at 20 years of age; many stay on the job until they are 57 or 60 years old.

REP. ROGER DEBRUYCKER, HD 89, Floweree, said the bill would have an impact on 14 different cities across Montana. He wondered how the cities felt about the bill. **Mr. Riggin** said they met with city personnel; they don't necessarily like the idea of having to spend the extra money, but do see the advantages and there was no opposition by the cities.

REP. KASTEN asked if the part requiring a person to be 50 years of age was deleted from the original bill. **Mr. Riggin** said yes, that would make them the same as police and highway patrol. **REP. KASTEN** asked **Ms. King** if this would bring them up to other systems. Yes, and this would increase from 1% to 2% for each year over 20 years. They only receive one-half their last salary.

{Tape: 1; Side: A; Approx. Counter: 19.4.}

Closing by Sponsor:

SEN. VAN VALKENBURG clarified that the bill regarding the sheriff retirement system had passed both House and Senate. He knows there is particular concern at the end of the session on how legislation will affect the budgets. He said this bill has a relatively minimal cost -- just a matter of equity by placing the firefighters on the same level with police, sheriff deputies and the highway patrol.

HEARING ON SB 55

Opening Statement by Sponsor:

SEN. DOROTHY ECK, SD 15, Bozeman, opened the hearing on SB 55, which clarifies the responsibility of the Department of Family Services (DFS) to Pay for Protective Services. DFS staff have used office space, telephones, copiers, and office materials in

first year and $309,000 the second. Employer and state contributions would be increased for 30 years to pay these benefits. **REP. GRADY** said the fiscal note refers to an increased cost to the cities. **SEN. DOHERTY** said the fiscal note represented the bill as introduced and since then, they took the cities out of the bill, on page 2, lines 1-4. It would be fully funded by the Insurance Premium Tax.

Closing by Sponsor:

SEN. DOHERTY said this was a matter of fairness for the police officers who have put in their time and moved up through the ranks only to find this anomaly by not benefitting in pay.

{Tape: 1; Side: B; Approx. Counter: 7.4.}

EXECUTIVE ACTION ON SB 357

Motion: **REP. JOHN JOHNSON MOVED SB 357 BE CONCURRED IN.**

Discussion: **REP. GRADY** said this indicated it was an unfunded mandate on cities and he opposes the motion. **REP. QUILICI** said he supports it. A year ago he had a fire in one of his structures at 2 a.m. and the way the firefighters worked at getting the fire out, he feels they deserve to retire after 20 years. **REP. KADAS** said he agrees there is a problem.

Vote: **Motion that SB 357 Be Concurred In failed 7 - 9 on a roll call vote, with REPS. BARNHART, COBB, FISHER, JOHN JOHNSON, KADAS, MENAHAN and QUILICI voting yes.**

Motion\Vote: **REP. KADAS MOVED SB 357 BE TABLED. Motion carried 9 - 7, with REPS. BARNHART, COBB, FISHER, JOHN JOHNSON, KADAS, MENAHAN and QUILICI voting no.**

{Tape: 1; Side: B; Approx. Counter: 12.2.}

EXECUTIVE ACTION ON SB 55

Motion: **REP. BARNHART MOVED SB 55 BE CONCURRED IN.**

Discussion: **REP. GRADY** said he sees problems with this bill and doesn't want to "open a can of worms." He doesn't think this is the way the state should bill the counties. There is currently a

Discussion: **REP. KADAS** agrees that the cities should pay the retirement benefits. We could mandate for a 50/50 split. **REP. KASTEN** would only support this if they get an indication from local governments that they would agree.

Motion\Vote: **REP. QUILICI SB 221 BE CONCURRED IN. Motion carried 11 - 5, with REPS. GRADY, DEBRUYCKER, FELAND, KASTEN and VICK voting no.**

Discussion: **REP. DEBRUYCKER** asked why they only passed one of the bills as they were both retirement bills. **REP. WISEMAN** said the difference was the retirement plan for the police department was awful. He said the police have a very stressful job, they have to put on bullet-proof vests just to go through the day and the situations are getting worse. He also feels that they can't recruit young officers without a good retirement plan in place.

EXECUTIVE ACTION ON SB 357

Motion: **REP. QUILICI MOVED TO RECONSIDER SB 357.**

Discussion: **REP. GRADY** says this is an unfunded mandate to the cities and he doesn't think the committee should pass the bill. He thinks the firefighters do have a lot of risks, but he isn't going to weigh the risks -- he supports both the police and firemen. But, it is a fairness issue, how it will be funded and where it fits into the whole picture. **REP. VICK** is concerned that they could be getting into problems with all different benefit packages they are passing. **REP. MENAHAN** said that pensions have other sources of funding and that, in the past, we have put money into the general fund which comes from homeowners fire insurance to finance the insurance fund. We've spent a lot of their money. **REP. VICK** asked where the money was coming from. **REP. MENAHAN** said when someone pays fire insurance, a percentage of that goes into the firemen's insurance fund. **REP. QUILICI** reminded the committee to take another look at the bar chart that they handed out. It would make the benefits fair.

Vote: **Motion that SB 357 Be Reconsidered carried 9 - 7 on a roll call vote, with REPS. GRADY, BERGSAGEL, FELAND, KASTEN, VICK, WISEMAN and ZOOK voting no.**

Motion/Vote: **REP. QUILICI MOVED SB 357 BE CONCURRED IN. Motion carried 9 - 7 on a roll call vote, with REPS. GRADY, BERGSAGEL, FELAND, KASTEN, VICK, WISEMAN and ZOOK voting no.**

HOUSE OF REPRESENTATIVES

Appropriations

ROLL CALL DATE 3-30-95

NAME	PRESENT	ABSENT	EXCUSED
Rep. Tom Zook, Chairman	✓		
Rep. Ed Grady, Vice Chairman, Majority	✓		
Rep. Joe Quilici, Vice Chairman, Minority	✓		
Rep. Beverly Barnhart	✓		
Rep. Ernest Bergsagel	✓		
Rep. John Cobb	✓		
Rep. Roger DeBruycker	✓		
Rep. Gary Feland	✓		
Rep. Marj Fisher	✓		
Rep. Don Holland	✓		
Rep. John Johnson	✓		
Rep. Royal Johnson	✓		
Rep. Mike Kadas	✓		
Rep. Betty Lou Kasten	✓		
Rep. Matt McCann	✓		
Rep. Red Menahan	✓		
Rep. Steve Vick	✓		
Rep. Bill Wiseman	✓		

HOUSE STANDING COMMITTEE REPORT

April 3, 1995

Mr. Speaker: We, the committee on **Appropriations** report that **Senate Bill 357** (third reading copy -- blue) **be concurred in**.

Signed: Tom Zook

Tom Zook, Chair

Carried by: Rep. Simpkins

Committee Vote:
Yes 9, No 7.

761353SC.Hbk

HOUSE OF REPRESENTATIVES
54TH LEGISLATIVE SESSION - 1995

ROLL CALL VOTE

APPROPRIATIONS COMMITTEE

DATE 3-30-95 BILL NO. SB 357

MOTION Rep. John Johnson moved SB 357 Be Concurred In. Motion failed 7-9.

NAME	AYE	NO
Rep. Ed Grady, VICE CHAIRMAN, MAJORITY		✓
Rep. Beverly Barnhart	✓	
Rep. Ernest Bergsagel		✓
Rep. John Cobb	✓	
Rep. Roger DeBruycker		✓
Rep. Gary Feland		✓
Rep. Marjorie Fisher	✓	
Rep. Don Holland		
Rep. John Johnson	✓	
Rep. Royal Johnson		
Rep. Mike Kadas	✓	
Rep. Betty Lou Kasten		✓
Rep. Matt McCann		✓
Rep. Red Menahan	✓	
Rep. Joe Quilici, VICE CHAIRMAN, MINORITY	✓	
Rep. Steve Vick		✓
Rep. Bill Wiseman		✓
Rep. Tom Zook, CHAIRMAN		✓

HOUSE OF REPRESENTATIVES
54TH LEGISLATIVE SESSION - 1995

ROLL CALL VOTE

APPROPRIATIONS COMMITTEE

DATE 3-30-95 BILL NO. SB 357

MOTION Rep. Quilici moved SB 357 Be Reconsidered motion passed 9-7.

NAME	AYE	NO
Rep. Ed Grady, VICE CHAIRMAN, MAJORITY		✓
Rep. Beverly Barnhart	✓	
Rep. Ernest Bergsagel		✓
Rep. John Cobb	✓	
Rep. Roger DeBruycker	✓	
Rep. Gary Feland		✓
Rep. Marjorie Fisher	✓	
Rep. Don Holland		
Rep. John Johnson	✓	
Rep. Royal Johnson		
Rep. Mike Kadas	✓	
Rep. Betty Lou Kasten		✓
Rep. Matt McCann	✓	
Rep. Red Menahan	✓	
Rep. Joe Quilici, VICE CHAIRMAN, MINORITY	✓	
Rep. Steve Vick		✓
Rep. Bill Wiseman		✓
Rep. Tom Zook, CHAIRMAN		✓

HOUSE OF REPRESENTATIVES
54TH LEGISLATIVE SESSION - 1995

ROLL CALL VOTE

APPROPRIATIONS COMMITTEE

DATE 3-30-95 BILL NO. SB 357

MOTION Rep. Quilici moved SB 357 Be Concurred In. motion carried 9-7.

NAME	AYE	NO
Rep. Ed Grady, VICE CHAIRMAN, MAJORITY		✓
Rep. Beverly Barnhart	✓	
Rep. Ernest Bergsagel		✓
Rep. John Cobb	✓	
Rep. Roger DeBruycker	✓	
Rep. Gary Feland		✓
Rep. Marjorie Fisher	✓	
Rep. Don Holland		
Rep. John Johnson	✓	
Rep. Royal Johnson		
Rep. Mike Kadas	✓	
Rep. Betty Lou Kasten		✓
Rep. Matt McCann	✓	
Rep. Red Menahan	✓	
Rep. Joe Quilici, VICE CHAIRMAN, MINORITY	✓	
Rep. Steve Vick		✓
Rep. Bill Wiseman		✓
Rep. Tom Zook, CHAIRMAN		✓

EXHIBIT 1
DATE 3-30-95
SB 357

S.B. 357

FURS Pension Benefit Revision

The role of the modern professional firefighter is a unique and challenging one, requiring far greater knowledge, training and commitment than needed in the past. This in turn asks much more of the men and women who perform this job, both in terms of the physical demands and the emotional stresses placed upon them over their careers in the performance of their duties. The reasons for this are many, but four prominently stand out.

First, firefighting itself has become more difficult. An especially significant and growing danger is the widespread use of synthetic materials in newer building construction, which creates fire environments far more hazardous than those known in the past. In addition, despite constant urban growth, local government cutbacks have led to reduced fire department manning levels, leaving fewer personnel to protect many more buildings and people, which greatly increases the risk of injury for individual firefighters.

Second, fire departments must deal with an ever-growing number of hazardous substances which move through our cities and towns every day, or lie in storage throughou the state. Thousands of such substances already exist, and the number of new ones has increased almost geometrically in recent years. Since hazardous material incidents involving these substances will certainly occur, firefighters must learn, through constant training, the correct incident response for each of them.

Third, and most significant, the role of fire departments in providing emergency medical services to their communities has

grown enormously in the past decade. Nearly 80% of fire department responses in Montana cities are now emergency medical in nature, numbering over twelve thousand responses each year, and as a result three out of four Montana professional firefighters have also become emergency medical technicians. If you ask any firefighter with twenty years or more of service what the greatest difference is between their job today and the job when they were hired, they will tell you, "All the medical calls we go on now." And if you ask any firefighter what part of their job is the most demanding and stressful, their reply will be the same: "All the medical calls we go on now."

Fourth, recognizing these increased demands being placed upon individual firefighters and wishing to minimize time lost to sickness and injury, municipalities are justifiably requiring ever higher physical and mental standards of personnel within fire departments. This, of course, places a premium on fitness and youth, and often means changes in lifestyle for firefighters to meet the goals.

As all these reasons indicate, changes in the firefighting profession over recent decades have served to heighten rather than lessen the physical and mental stresses facing firefighters, and they also emphasize the need for younger members within fire departments. This is clearly not a job to be done by aging men. It is equally clear that it would be beneficial to have a retirement structure in place which would encourage retirement at an earlier age and thereby reap the benefit of bringing in more youthful employees. The other public safety organizations within

EXHIBIT 1
DATE 3-30-95
SB 357

the state, police, highway patrol, and sheriffs, have recognized this fact and have gotten or are acquiring provisions within their retirement systems to allow retirement after 20 years of service. Every argument advanced by these organizations to support the need for allowing earlier retirement applies equally, if not more so, to the profession of firefighting.

In addition, one more point must be made. Montana's firefighters, police officers, and highway patrol officers are members of public safety professions which are not covered by the Social Security Act, and therefore whose members upon reaching age 65 do not receive social security benefits. In the police and highway patrol retirement systems, it has been realized that to compensate for the lack of social security benefits and still allow for the possibility of retirement at a reasonably youthful age, there should be an increase in the benefit allowance per year of service past 20 years, and both systems have been changed to allow this increase. The firefighters' system does not at present enjoy this benefit, yet comparison with these other two similar systems will show that it is certainly justified.

Therefore, there are two major provisions to the bill we are proposing today. First, the bill will allow retirement for firefighters after 20 years of service. Second, it will provide an increased benefit per year of service, to 2% per year of service after 20 years, for those members who now accrue only 1% of salary for each year of service after 20 years, and remove the existing 60% of salary limit upon the monthly benefit a retiree may receive. It is our firm belief that both provisions will

encourage retirement and promote the hiring of younger firefighters, and with the proposed distribution of costs will neither compromise the solvency of the firefighter's retirement system nor impose unreasonable and unjustified expense upon the taxpayers. Although there are increases in contribution rates proposed in the bill for the cites and the state, they are not large, and the increases will be offset to a great degree by savings the cities and state will realize in several areas. Since older firefighters receive higher salaries than younger ones, there will be savings to the cities and the state in overall contribution amounts because of smaller payrolls. Secondly, a younger workforce imposes less cost upon the Worker's Compensation System, both in terms of reduced Work Comp rates for the cities and fewer claims to be paid by the state, especially in a profession such as firefighting. Finally, the cities will enjoy the benefit of lower unemployment insurance rates, and, perhaps foremost, significantly reduced health insurance costs as a consequence of employing younger workers.

This bill gained broad bipartisan support in the Senate. It passed the Senate State Administration Committee unanimously, and received a 34-16 do pass vote on the Senate floor, a better than 2 to 1 margin, with majorities of both parties recommending passage. The proposal is also supported by Senators Tom Beck and John Hertel, who were members of the 1993-1994 Interim Study Committee on Pension Systems, and by Linda King, Administrator of the Public Employees' Retirement Division. The bill is as follows.

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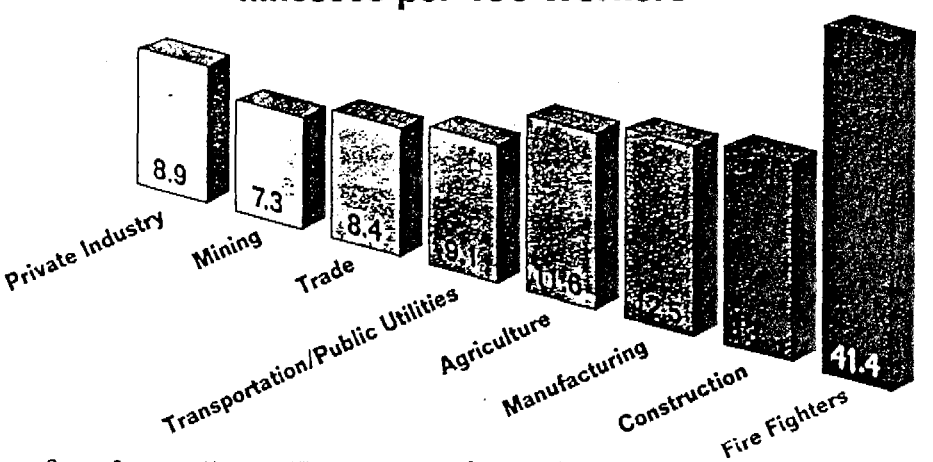
II. Fire Fighter Injuries

Fire departments responding to the 1993 survey reported that 93,786 fire fighters sustained 35,485 line-of-duty injuries either at the emergency scene or while performing other job related tasks. Consequently, more than one out of every three fire fighters was injured in the line of duty.

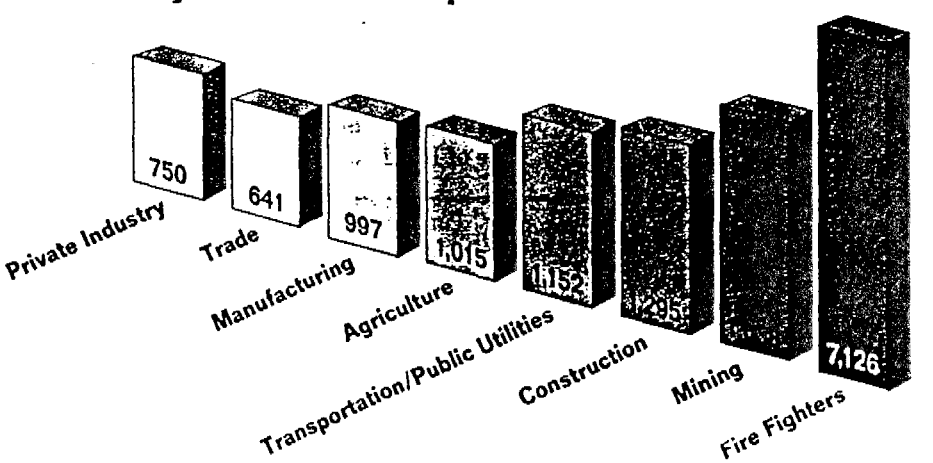
When compared to data compiled for private industry by the U.S. Bureau of Labor Statistics, the 1993 Fire Fighter Death and Injury Survey indicates that "incidence" or frequency of fire fighter job related injury is 4.7 times that of workers in private industry. In other words, 41.4 percent of fire fighters were injured in 1993 compared to only 8.9 percent of private industry workers. In terms of severity, fire fighter injuries caused 7,126 lost work hours per 100 workers — a rate 9.5 times the 750 hours lost per 100 workers in private industry.

Number of Job Related Injuries/ Illnesses per 100 Workers



Source: Occupational Injuries and Illnesses in the United States by Industry, 1992, Summary 94-3, U.S. Bureau of Labor Statistics; and IAFF 1993 Death and Injury Survey.

Lost Work Hours* from Job Related Injuries/Illnesses per 100 Workers



Source: Unpublished data, U.S. Bureau of Labor Statistics; and IAFF 1993 Death and Injury Survey.

*For fire fighters, data is based on number of work shifts lost multiplied by the length of shift worked by each responding department. For all other industries, lost work hours are derived by multiplying the number of lost workdays reported by BLS by 8 hours.

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Appropriations COMMITTEE BILL NO. SB 55
221
357

DATE 3-30-95 SPONSOR(S)

PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Gordon Morris	MHCo	55		✓
Charles L. Brooks	Retired Police Assoc	221		✓
Bert Kollmeier	Ret Police Assn	221		✓
Bill Steele	Retired Police Assn	221		✓
Ed Ortman	Ret. Police	221		✓
Jack Oswalt	" "	221		✓
Lloyd D. Porter	Retired Police	221		✓
Don Horan	Ret. Police	221		✓
DEAN RIGGIN	FIREFIGHTER	357		✓
KATHY McGowan	Mt. Co. Welf. Div.	55		✓
Helen Cole	Retired Police	221		✓
Jim Berlstrom	Billings Fire Fighters	357		✓
Jerry Williams	Montana Police Protective Assn	221		✓

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HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Appropriations COMMITTEE BILL NO. SB 55

DATE 3-30-95 SPONSOR(S) SB 221 SB 357

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NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Jerry Williams	Montana Police Protective Assn	357		✓
James J Cole	Police	221		✓
Frankenberger	police	221		✓
Jerry L Erickson	Fire Fighters	357		✓
" "	" "	221		✓

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